

Recording Inventory Using the Perpetual Method (Case Study on Medicines for Laying Hens CV. Bumi Indah Group)

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ABSTRACT

This study aims to analyze the inventory recording system implemented by CV. Bumi Indah Group, especially in the management of medicines for laying hens, and to evaluate the effectiveness of the perpetual method in recording inventory transactions continuously. The approach used is a case study with a descriptive qualitative method, supported by primary data in the form of interview results and internal company documentation. The results of the study show that the company has used the perpetual method in recording inventory, where every incoming and outgoing transaction is directly recorded in the system. The application of this method provides significant benefits, including ease in monitoring stock availability in real-time, increased recording accuracy, and efficiency in controlling drug use. This method has proven effective even though it is implemented without a sophisticated digital system, relying on structured and disciplined manual recording. This finding is in line with previous research stating that the perpetual method is suitable for industries that have fast inventory rotation and require accurate information. However, the results of this study also refute the assumption that the method can only be applied by large companies, because in practice, CV. Bumi Indah Group as a medium-sized business is able to implement it optimally. This study recommends the application of the perpetual method for other livestock business actors as an effective and sustainable inventory control strategy.

INTRODUCTION

The progress of a company basically requires transparency in recording and assessing the company's inventory, the aim being to create a clear understanding of the condition of the inventory held. Inventory is a method of calculating production costs, recording procedures, valuation techniques, and how to present them in financial reports. According to Stice, (2011) defines inventory as inventory in general intended for goods owned by a trading company, either in the form of wholesale or retail businesses when the goods have been purchased and are in a condition ready for sale. The definition of inventory according to Kieso, (2011) states that inventory is an asset owned by a company and is available for sale in the interests of business or is an item that will be used to produce goods available for sale.

There are two methods of recording applied in different inventory management, namely the periodic and perpetual systems. A company is said to use a periodic recording system if every time a transaction occurs for offering goods/services, procuring goods for resale, and other transactions related to stock of goods, it is not directly recorded in the inventory book. According to Adnan (2019), several things that are the center of attention in inventory are the inventory cost method, recording system, valuation method and presentation of inventory in financial statements.

In inventory management, there are two types of recording systems used, namely the periodic system and the perpetual system. A company uses a periodic recording system when every time a sale, purchase of merchandise, or other transaction related to inventory occurs, the recording is not done directly in the inventory book, meaning that the company does not use an inventory card. Furthermore, a company is said to use a perpetual recording system if a transaction related to inventory such as sales, loss, damage and others are recorded in the inventory card according to the date of occurrence, Umrah (2019). The perpetual method according to Kieso et al (2017:370) explains that in the perpetual recording method, the company records every transaction that has an impact on inventory, such as purchase transactions, sales, purchase returns, and sales returns, directly when the transaction occurs.

CV. Bumi Indah Group is a company engaged in chicken farming, especially in the maintenance of starter chickens until they are ready to lay eggs. Its business activities are preparing chickens for further maintenance so that the supply of drugs and vitamins is the most important thing in the running of this business activity. Started operating in 2004 located in Tawang Sari Village, Garum District, Blitar Regency.

In its operation, inventory recording with the perpetual method is used to record the inventory of medicines for laying hens. The perpetual method is an inventory recording carried out continuously by laying hen farmers to monitor and manage the stock of medicines directly. Through this approach, all transactions related to the purchase and use of medicines are recorded immediately after they occur, thus providing an accurate picture of the amount of stock available. By using the perpetual method, farmers are able to clearly know when is the right time to reorder, reduce the risk of running out of stock, and ensure that the medicines used remain in good condition and effective.

LITERATUR REVIEW

According to Financial Accounting Standards Statement (PSAK) 14, inventory is an asset: (1) prepared for sale as part of the company's operational activities; (2) in the production process for such sales; or (3) in the form of raw materials or equipment used in production activities or service provision (IAI, 2013). Inventory is part of an asset that has a crucial role in supporting business operations, especially in goods trading activities.

The company's profit will be seen when influenced by inventory in fluctuating business activities (Hery, 2014). Inventory plays an important role in reflecting the company's profit conditions, especially when business activities are in an unstable situation. The inventory recording process is an important element in accounting that clearly distinguishes the operational characteristics of trading companies compared to service companies. Through inventory assessment, companies can ensure that every asset owned has been utilized efficiently to increase profit potential.

Mulyadi (2013:402), that inventory recording methods are divided into 2, namely:

Inventory Book Method (Perpetual)

The perpetual inventory system is also called the book inventory system (Simamora, 2013:271). With the perpetual system, inventory recording is carried out continuously every time a transaction occurs, either an addition or a reduction, so that the balance of merchandise is always monitored. Every time a purchase of merchandise occurs, the inventory account is recorded as increasing, while at the time of sale, the account will decrease. According to Imam Santoso (2010:241) the perpetual recording system is a continuous inventory (*perpetual inventory system*) is an inventory management system where inventory mutation recording is carried out continuously and sustainably so that inventory mutations during a period are monitored and at any time the amount or value of inventory during a period is monitored and at any time the amount or value of inventory can be known without doing it physically. According to Kartikahadi (2012:332), the perpetual inventory recording method is an inventory record that is always updated (*updated*) every time a transaction occurs involving inventory, so that the company always knows the quantity and value of its inventory at all times.

Physical Inventory Method

In the physical inventory method, recording is done from additional purchases only, while the book of reduced inventory due to usage is not recorded in the inventory card (Mulyadi, 2013:556). In the periodic system, adjustments to the inventory balance are made only at the end of the accounting period. During the current period, the inventory account does not change due to purchase or sale transactions of merchandise. The periodic system is also called the physical inventory system (Simamora, 2013:271). According to Baridwan (2010:150) explains that the application of a periodic system that relies on physical counting requires that ending inventory be calculated when financial statements are prepared to determine unsold inventory. This method does not record changes in inventory directly in the books, but rather each purchase transaction is

recorded through the purchase account. Because inventory mutations are not recorded, the total cost of inventory sold out in a period can only be calculated after knowing the amount of ending inventory.

The advantages of recording inventory using the perpetual method are as follows:

- a. Live updates. Continuous systems provide continuously updated information on purchase and sales transactions, allowing managers and employees to monitor and use the information directly as needed.
- b. More accurate forecasting. The ability to monitor customer purchasing patterns and seasonal changes, and leverage that information, is a key benefit of a permanent inventory system. By understanding and updating customer purchasing patterns, companies can plan storage that reduces the risk of overstocking or understocking, which can lead to losses.
- c. Management across multiple locations. One of the main challenges in inventory management is monitoring stock across multiple locations. A connected, permanent inventory system provides a variety of fulfillment opportunities, including shipping goods from one location to another and efficiently managing inventory levels across all locations.
- d. Easier financial reporting. This system simplifies the process of creating financial reports. Part of the crucial elements in financial report results is the inventory value; by recording the amount and value of available stock directly in the system, financial reporting can be done faster and reduce the possibility of manual calculation errors. Companies that rely solely on physical inventory face a tough decision on a regular basis. They must choose between taking employee time, or even closing stores temporarily, to conduct inventory for accuracy, or conducting less frequent counts and sacrificing up-to-date data. A permanent inventory system addresses this challenge.

The disadvantages of recording inventory using the perpetual method are:

- a) Inventory loss. This can occur due to damage, spoilage, or theft, among other reasons. If the permanent inventory estimate does not agree with the physical count subsequently found, the difference is considered a loss.
- b) Inaccurate inventory tracking. Scanning errors, misplaced products, software failures, or operator (employee) errors can reduce the efficiency of a permanent inventory system. When this happens, tracking a company's goods and stock in a warehouse or store can disrupt smooth operations.
- c) Hacking threats. Computer systems, although fast and efficient, can be the target of crimes such as hacking. These attacks can compromise the security and accuracy of all data and information, thus requiring the implementation of costly cybersecurity measures.
- d) Cost. Permanent inventory systems can be expensive, especially in the beginning, because they involve equipment, software, and training costs. Updates to all of these elements become part of the ongoing cost of maintaining the system. For small businesses with limited inventory and small profit margins, these systems may not be affordable or necessary.

Larger businesses or those with multiple locations may be able to see cost savings.

- e) The need for a physical inventory. Given the need to “count the goods,” conducting a physical inventory at least once a year is prudent, though not necessarily mandatory. While physical inventories are unavoidable, their frequency can be reduced under optimal conditions.

Inventory Valuation Methods

Martani (2012: 251) states that there are three alternatives that can be considered by an entity regarding cost flow assumptions, namely the Specific Identification Method, First In First Out (FIFO), and Weighted Average. Waluyo (2012:97) explains that in company activities, especially in trading or industrial companies, there is a movement or flow of goods in or out, be it merchandise or raw materials. For the purpose of accurate inventory analysis and control, the flow of inventory movement must be assessed using the same method consistently. Determination of the cost of ending inventory value or Cost of Goods Sold can be determined based on the inventory valuation method used, such as FIFO, LIFO, or the average method as follows:

- a. Specific Identification Method. This method is believed that the movement of goods should be in line with the movement of expenditure so that each group of goods is identified and recorded specifically on the card. Therefore, the acquisition cost for the existence of each item can be clearly traced. So that Cost of Goods Sold includes the cost of goods that have been sold. While goods that have not been sold are recorded as ending inventory.
- b. First In, First Out (FIFO) method. This method is based on the assumption that the merchandise purchased earliest will be sold first.. This is due to the use of the cost of revenue from the first inventory received to calculate the goods sold, thus, the acquisition value of the inventory still available is derived from the acquisition cost of the last goods received.
- c. Last In First Out (LIFO) Method This method of determining the cost of inventory is often called the LIFO (Last In First Out) method. This method was developed based on the assumption that the last merchandise purchased is the first merchandise sold.
- d. Methods Rate-rate (*Average*). This method is designed as a middle ground to overcome the extreme differences that exist. In the average method, the acquisition price of inventory is determined not based on the first or last goods entered, but rather the middle value of the two. In the average method, the determination of the acquisition price of inventory can be done in two ways, namely as follows:
 - Weighted Average Method (*Weighted Average*). The use of the average method in determining the price of an item of inventory acquisition is done through direct physical counting. The calculation of the ending inventory value and cost of goods sold is done at the end of the period using the weighted average method of the inventory of merchandise available for sale.

- Moving Average Method (*Moving Average*). This method uses an average calculation in the inventory recording process to determine the value per unit of goods continuously (perpetual). Every time there is a purchase or addition of inventory, the average acquisition price must be updated. Cost of goods sold is the result of multiplying the amount of inventory sold by the average acquisition price at that time.

METHODOLOGY

This type of research is descriptive qualitative with the approach case study, which aims to describe systematically and factually the process of recording the inventory of medicines for laying hens at CV. Bumi Indah Group. Qualitative research is considered appropriate because it allows researchers to understand the processes that occur naturally in the specific context of the company. The case study approach is used so that researchers can focus in depth on one object of study (Yin, 2018). This study is not intended to measure variables quantitatively, but rather to explain how the perpetual method is applied in inventory recording activities and what factors influence it. As stated by Moleong (2019), qualitative research helps in explaining complex social phenomena and organizational practices based on in-depth understanding.

his research uses primary and secondary data. Primary data was obtained through interviews with the owner and office admin and direct observation, while secondary data came from company documents such as stock reports, inventory cards, and drug dispensing documents.

RESULTS AND DISCUSSION

CV Bumi Indah Group or Bumi Indah *Farmis* a company engaged in the laying hen farming sector located in Tawang Sari Village, Tawang Sari Subdistrict, Garum District, Blitar Regency. With years of experience, this company is able to produce high-quality eggs that meet health and safety standards. The company's livestock facilities are equipped with a good ventilation system, maintained sanitation, and guaranteed quality feed. CV. Bumi Indah Group implements a planned feed management program, with a balanced feed formula to meet the nutritional needs of chickens. The types of drugs needed in chicken farming include antibiotics, antiparasitics, vaccines, and anti-inflammatory drugs. Each category of drugs has a specific function in maintaining chicken health, such as treating infections, preventing disease, and increasing endurance.

Inventory is a collection of goods prepared and stored to meet customer needs in the future. Inventory also functions as *buffer* against demand fluctuations is Mulyadi's statement (2007). In industrial and manufacturing studies, inventory is defined as a collection of goods or resources used in the operational activities of an organization or company. Inventory of medicines for laying hens is an important aspect in recording a company's inventory report. Recording chicken medicine inventory using the perpetual method is a system that gives companies the opportunity to monitor the amount of inventory tracking system directly and continuously.

The perpetual recording method is a continuous inventory (*perpetual inventory system*) is an inventory management system where inventory mutation

recording is carried out continuously and sustainably so that inventory mutations during a period are monitored and at any time the amount and value of inventory can be known without conducting physical checks, which is the definition according to Imam Santoso (2010:241). The total frequency of use of drugs and vitamins that have been given to chickens will remain consistent for the first week. At this stage, the dosage and schedule for administering drugs and vitamins are designed in such a way as to meet the basic health needs of chickens according to their age and physical condition. Entering the following week, the frequency of drug use will be adjusted. This change occurs because the chicken's need for drugs increases, along with physical growth and increasingly developing metabolism. With the increasing age and body weight of chickens, the dosage and amount of drugs given must be adjusted to remain effective in supporting health and ensuring maximum growth performance.

The research that is relevant to the previous research is Gustiaji (2022) where a warehouse inventory system in the UMI group broiler chicken partnership with a test system using *black box* and UAT and the test results show that the menus and features in the feed and medicine supply information system in the UMI group partnership can function properly and correctly. Then the next researcher (Nursan, 2020) designed an information system that can provide data on chicken feed and medicine supplies at IsalFarm and a system that can provide convenience in reporting chicken feed and medicines that go out or come in to Broiler IsalFarm.

Then the next researcher (Nelfira 2024) in the form of a web-based information system design for processing data on red laying hen farms Astipel Farm which can make it easier for employees to process egg production data, process chicken data, process feed stock data, process cage data, process chickens and sell eggs out. So, it is very useful to make it easier for employees to provide reports on the development of the farm from time to time and leaders can also easily access reports, namely the existence of *report system* reporting data on egg production data processing, chicken data processing, feed stock data processing, cage data processing, chicken sales and egg sales out.

Each cage foreman is required to record every administration of medicine and vitamins accurately and on time. This aims to ensure that no information is missed, which can impact chicken health and the effectiveness of the maintenance program. This diary provides information to the cage admin regarding a summary of the medicines and vitamins used, and these notes are then written in the daily report on the stock of medicines and vitamins for laying hens.

Table 1 Drug and Vitamin Stock Report

No.	Name of godd	Unit	early	+	-	end
1.	Enflox	Ml	3.500			3.500
2.	Chikofit	Ml	24.140		1330	22.810
3.	Vit C	Gr	22.667			22.667
4.	Bedgent	Ml	2.110			2.110
5.	Rodhifit	Gr	21.554		866	20.678
6.	Liquiphos	Ml	224.270			224.270
7.	Biogreen	Ml	19.000			19.000
8.	Textrol	Ml	6.800		750	6.050
9.	Baytril	Ml	4.640			4.640
10.	Propolis	Ml	570			570
11.	Long live	Ml	33.600			33.600
12.	Sorbitol	Ml	79.920			79.920
13.	Decomposer	Ml	13.000			13.000
14.	Gumbonal	Gr	12.600			12.600
15.	Metofin	Ml	1.625			1.625
16.	Test chlorine	Gr	42			42
17.	Amprosol	Gr	13.300		1900	11.400
18.	Pedolin	Gr	750		150	600
19.	Twin oksid	Gr	2.000			2.000
20.	Rovimix hyd	Gr	49.6		26	47

Source:CV Bumi Indah group

Based on the research results presented in Table 1, it can be seen that CV. Bumi Indah Group has implemented a perpetual method in recording the inventory of medicines for laying hens. This method is carried out continuously, where every incoming and outgoing transaction is directly recorded in the system, either through simple software or neat and structured manual recording. This shows the company's awareness of the importance of an accurate recording system in maintaining business continuity and operational efficiency.

The implementation of the perpetual method in this company can be seen from the direct recording every time a drug is purchased and used. This record is updated in the inventory card that is actively used. Information on the amount of stock available, type of drug, and expiration date can be viewed whenever needed, so that management can make the right decisions regarding the time of repurchase, evaluation of use, and control of waste.

This finding confirms the results of research conducted by Nursalim and Fadila (2021), which states that the perpetual method is very suitable for application in companies operating in the livestock and animal health sectors, because it can help monitor the use of goods with a limited lifespan (Nursalim & Fadila, 2021: 52)

In addition, this finding is also in line with the research of Simatupang and Handayani (2020) which highlights that the perpetual method can increase operational efficiency and reduce the risk of losing goods due to late recording or human error. Consistent application of this method provides direct benefits in terms of data accuracy and needs planning.

However, the results of this study contradict the findings of Siregar (2018), who stated that the implementation of the perpetual method tends to burden small-medium companies due to limited human resources and technological systems. According to Siregar, small companies tend to have difficulty implementing the perpetual method optimally because they have to record transactions in real time, which requires a digital system and trained personnel (Siregar, 2018: 39).

In the context of CV. Bumi Indah Group, this assumption is not entirely proven. Although the company is medium-scale, the perpetual method can still be implemented effectively through a combination of disciplined manual recording and the use of spreadsheets. This shows that technological limitations are not always the main obstacle in implementing this method, as long as there is a strong managerial commitment and discipline.

Overall, these findings are evidence that the perpetual method can be an efficient accounting solution even in a non-corporate environment. Its implementation not only improves the accuracy of inventory information, but also strengthens the Company's internal control system.

CONCLUSION AND RECOMENNDATIONS

Based on the results of the research that has been conducted, it can be concluded that CV. Bumi Indah Group has implemented a perpetual method in recording the inventory of laying hen medicines consistently and effectively. Recording is carried out continuously every time there is an incoming or outgoing transaction of goods, so that the company can find out the amount of inventory in real time. This system is able to help companies maintain stock availability, avoid waste, and minimize the risk of drug expiration.

The implementation of the perpetual method also shows that technological limitations are not a major obstacle, as long as there is discipline and commitment in recording. This is proof that the perpetual method can be adapted well to medium-scale businesses using a simple system.

The findings in this study support the opinions of several previous researchers who stated that the perpetual method is very effective in managing inventory of goods that are sensitive to time and usage, especially in the livestock sector. On the other hand, this study also refutes the assumption that the perpetual method is not suitable for non-corporate companies, because the results of the study show that this method actually helps efficiency and control in daily operations.

Thus, perpetual-based recording can be used as a reference in improving the quality of inventory information, as well as part of an internal control strategy that is relevant and beneficial for the sustainability of modern livestock businesses.

ADVANCED RESEARCH

Given the success of the perpetual inventory method implemented by CV. Bumi Indah Group, future research can explore its application in other sectors of the livestock industry or similar medium-scale enterprises. Comparative studies could be conducted to evaluate the effectiveness of the perpetual method versus

the periodic method in different operational environments, such as poultry farms, dairy production, or aquaculture businesses. Further investigation may also include the integration of digital tools or low-cost inventory software to enhance the efficiency of perpetual recording, particularly in businesses with limited access to advanced technology.

In addition, future studies could focus on identifying the behavioral and organizational factors that influence the successful implementation of perpetual inventory systems. Understanding the role of employee discipline, managerial commitment, and training programs can provide a more comprehensive view of how to sustain accurate and real-time inventory control. Expanding this research into a broader context may offer valuable insights into best practices for inventory management across various industries, thereby supporting the scalability and adaptability of the perpetual method in diverse business settings.

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