

ABSTRACT

The research purpose is to analyze the selection of inventory accounting methods and the factors that influence decision making accounting methods to be used. The research examines seven independent variables, namely the variability of inventory, company size, leverage, gross margin and current ratio, inventory intensity and variability of cost of goods sold. While the dependent variable in this study is the FIFO and average methods.

The population of the research is the trading and manufacturing company listed on the Indonesia Stock Exchange in 2008-2010. The sampling method used in this research are purposive non random sampling. Selected samples are trading and manufacturing company that reported the company's financial statements in a row in 2008-2010, using only one method of inventory accounting. In addition, samples were also taken on companies that use a consistent method of accounting for inventories during the period of observation. Data analysis was performed using SPSS version 13.

The results of the research as follow: (1) the variability of inventory significantly influence the selection of inventory accounting methods, (2) the company size significantly influence the selection of inventory accounting methods, (3) Leverage does not significantly influence the selection of inventory accounting methods, (4) margin gross profit does not significantly influence the selection of inventory accounting methods, (5) the current ratio does not significantly influence the selection of inventory accounting methods, (6) the intensity of inventory significantly influence the selection of inventory accounting methods, (7) the variability of cost of goods sold significantly influence the selection of methods inventory accounting

Keyword : Inventory, the selection of inventory accounting methods, average method, FIFO method