



# International Journal of Multidisciplinary Research and Growth Evaluation



International Journal of Multidisciplinary Research and Growth Evaluation

ISSN: 2582-7138

Received: 28-05-2021; Accepted: 18-06-2021

www.allmultidisciplinaryjournal.com

Volume 2; Issue 4; July-August 2021; Page No. 134-136

## Fixed Asset Accounting System in North Sumatra province government work units

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### Abstract

Fixed assets are part of the company's assets that are important in supporting the company's operational activities and have a fairly material value in the financial statements so that they can influence the decision making of users of financial statements. The purpose of this study was to determine whether the Fixed Asset Accounting System at the North Sumatra Provincial Government was in accordance with the applicable Government Accounting Standards

general. Furthermore, the data that has been obtained were analyzed using descriptive methods, comparing the actual situation with relevant theories, in order to obtain results related to the Fixed Assets Accounting System in the North Sumatra Province Government Work Unit - Indonesia. Fixed assets are tangible assets that have a useful life of more than one year.

**Keywords:** Accounting System, Fixed Assets

### 1. Introduction

Fixed assets are one of the most dominant components of agency assets in the balance sheet structure. From the point of view of value, fixed assets always have a greater value than other assets. Meanwhile, from the point of view of its use, fixed assets are the longest type of assets that can be used in the agency. Therefore, fixed assets must be managed and monitored for use by the agency. In the procurement of fixed assets, management must pay attention to various things that affect the fixed assets so that the costs and benefits obtained are as expected.

### 2. Literature review

#### 2.1 Accounting system

In an agency, the accounting system plays an important role in regulating the flow of accounting data processing to produce precise and accurate accounting information. An accounting system is structured to meet the information needs that are useful for external and internal parties. According to Kurnia Cahya Lestari and Arni Muarifah Amri (2020: 7) suggest that the system is two or more components that are interconnected and interact to form a unified group so as to produce one goal. Then according to Agie Hangara (2019: 1) stated that accounting is the process of identifying, recording and reporting economic data or information that is useful as an assessment and decision making. Based on the opinions expressed by the experts above, it can be concluded that the accounting system is a procedure used to summarize all data concerning all company transactions and organize. So that the resulting information can be used as a reference for making decisions that are needed by the company management and other interested parties.

The purpose of the accounting system According to Mulyadi (2016:15), there are general objectives for the preparation of an accounting system and the following explanations: 1. Provide information for the management of new business activities. 2. Improving the information generated by the existing system, both regarding the accuracy of presentation, and the structure of the information. 3. Improve the level of reliability (reliability) of accounting information and provide complete records regarding the responsibility and protection of company assets. 4. Reducing clerical costs in maintaining accounting records.

Based on the objectives of the accounting system that have been stated, it can be concluded that the purpose of the accounting system is to provide information for the company so that the company can improve the information generated by the existing system whether or not it is in accordance with a good internal control system.

#### 2.2 Fixed Asset Accounting

Accounting according to the AICPA (American Institute of Certified Public Accounting) is "the art of recording, classifying, and summarizing transactions and events of a financial nature in an efficient manner and in the form of units of money and the interpretation of the results of the process".

According to Warren (2015: 494) "Assets according to the Financial Accounting Standard Board (FASB) are fixed assets that are long-term or relatively permanent in nature and can be used in the long term. From the above understanding it can be concluded that accounting is an information system that includes the process of identifying, measuring and reporting economic information and communicating the results in the form of financial statements to serve as considerations for decision making. According to the Indonesian Institute of Accountants (2015):

1. Tangible Assets in the form of goods that have a form, not something that does not have a form such as goodwill, patent rights and so on.
2. Age more than one year Assets can be used in operations for more than one year or one accounting period. Does not include other types of assets such as equipment whose operating life is less than or only one year. The age of an asset in question is economic benefit, not technical age, namely the period of time an asset can be used economically by the company.
3. Used in the company's operations Assets can be used in the normal operation of the company, which is used by the company to generate income for the organization. If the company has fixed assets but they are damaged and cannot be repaired, the fixed assets must be removed from the fixed assets group.
4. Not for sale if an asset owned by the company is more than one year old but is purchased by the company with the aim of resale, then it cannot be categorized as fixed assets but inventory or investment property.
5. Material a fixed asset has a relatively large value or price. Each company has its own policy regarding the materiality criteria.
6. Owning a company an asset of high value, used in operations and having a lifespan of more than one year, is a fixed asset if the asset is legally owned by the company.
7. From the various definitions of fixed assets above, according to the author, fixed assets are assets that have a physical form, have a relatively large value owned by the company and are used in the company's normal day-to-day operations and are not for sale and are permanent, long-term assets and is used for the company's operational activities and has a useful life of more than one accounting period. In PSAP No. 7 Assets that qualify to be recognized as assets must initially be measured at cost. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributable to the asset when it was first recognised. Based on PSAP No. 7 (2016), the recording of property, plant and equipment is carried out after the cost of property and equipment is recognized, where the acquisition cost includes the acquisition cost which is recognized at the beginning (initial recognition) and measurement after initial recognition. Initial recognition of property, plant and equipment is carried out if a property, plant and equipment that qualifies to be recognized as an asset is initially measured at cost, with the components of cost.

### 3. Research methods

This type of research is descriptive research by collecting data related to each operational activity involving the fixed asset accounting system. This type of research is descriptive research by collecting data related to every operational activity involving fixed assets from procurement to

termination or elimination of fixed assets. According to Sugiyono (2017:35) this descriptive research method was carried out to determine the existence of independent variables, either only on one or more variables (stand-alone variables or independent variables) without making comparisons of the variables themselves and looking for relationships with other variables. The type of data used is qualitative data in the form of interviews, observations of operational activities and documents such as financial statements, work order, Asset request letter and other memorial evidence. Qualitative data is data in the form of words, schemes, and pictures. Sources of data used are primary data collected from the object of research and processed by researchers.

### 4. Research results and discussion

Accounting as known today was originally only useful for recording one's property, then it became a means of accountability for someone who took care of other people's property, as well as a means of monitoring and protecting property. Accounting as an economic and financial information system is able to provide useful information for its users. In order for information to be managed properly, a good mechanism or activity is needed. This data processing system will involve humans as drivers and tools to support the achievement of goals. Types of Fixed Assets Types of fixed assets are:

#### 1. Land

Land is property that is owned and used as long as the company's activities are still ongoing. The period of use is not limited and is usually used as a place to build buildings such as: offices, warehouses and others.

#### 2. Warehouse

Warehouse is a building that functions as a place for office activities and asset storage.

#### 3. Machine

Machines are equipment used to carry out company activities. This equipment is usually used with some power and power.

#### 4. Vehicle

Vehicles are company assets that are used by the company to support company activities.

#### 5. Equipment/Investment

Inventory is office stationery used to support office activities.

In addition, the functions related to fixed asset transactions include:

1. User Function
2. Research and Development Function
3. Relevant Director
4. President Director
5. Purchase Function
6. Reception function
7. Fixed Asset Function
8. Accounting Function

The fixed asset function is responsible for the management of the company's fixed assets. This function has the authority to place, transfer, and terminate users of fixed assets.

### 5. Conclusion

Based on the results of research and discussion of the Fixed Asset Accounting System at the North Sumatra Provincial Work Unit, the authors can conclude that:

1. The policies and application of the Fixed Asset Accounting system carried out by the North Sumatra

Provincial Work Unit are in accordance with the Statement of Government Accounting Standards (PSAP).

2. The method of depreciation of Fixed Assets used by the North Sumatra Provincial Work Unit is the Straight Line method, this shows that the North Sumatra Province Regional Work Unit attaches great importance to accuracy in the calculation of depreciation
3. The Fixed Assets Accounting System at the North Sumatra Province Work Unit has been carried out with pretty good.

The suggestions that the authors put forward are as follows.

1. Fixed assets are properly and regularly monitored and administration is also carried out through additional books for the type of Fixed Assets.
2. The North Sumatra Provincial Work Unit in general has applied the Government Accounting Standards that are common to the Fixed Assets Accounting System and should continue to be carried out consistently.
3. Supervision on the management of Fixed Assets must be further improved because Fixed Assets constitute a large amount of assets and without the existence of good fixed assets, institutions cannot carry out their operations properly.

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