


Application of the Fixed Asset Depreciation Method and its Impact on the Performance of Fixed Asset Reports at the One Stop Integrated Service and Investment Service

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Article Info	ABSTRACT
Keywords: shrinkage, SAK, fixed assets, report	The aim of the company is basically to ensure that the company's operations continue to obtain optimal profits on the investment invested by the shareholders or owners in the company. Application of depreciation charges for fixed assets, using a depreciation method that is in accordance with government accounting standards. Asset depreciation method at the One Stop Integrated Services and Investment Service to calculate fixed asset depreciation expenses. The depreciation expense will result in a decrease in fixed assets and government equity on the balance sheet of the financial statements. The purpose of this research is to determine the application of the fixed asset depreciation method and its impact on the performance of the Fixed Asset Report used by the One Stop Integrated Services and Investment Service. The analytical method used is the descriptive method. The data collection technique used is a documentation study which is carried out by taking the necessary data and studying and analyzing it. Based on the research results, it shows that the calculation method for depreciation of fixed assets is appropriate according to Financial Accounting Standards (SAK) No. 17 of 2008 by determining the amount that can be depreciated first. The depreciation method used and to determine the economic useful life of an asset being depreciated.
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INTRODUCTION

In facing the increasingly advanced development of the business world, companies must have goals in order to maintain their survival. In its efforts to achieve these goals, companies need good facilities and infrastructure. A company that will be established or has already been established must have the aim of being able to survive for a long period of time (Nasarudin et al., 2024; Ramen A Purba et al., 2022; Sofian, 2024). This means that the company can maintain its survival by achieving optimal goals. A goal can be implemented well if the company is managed well, so that it is in accordance with what is expected and determined by the company (Budi Karyanto, 2024). The aim of the company is basically to ensure that the company's operations continue to obtain optimal profits on the investments

made by shareholders or owners in the company. One of the facilities and infrastructure in achieving company goals is tangible fixed assets which is also one of the factors so that company operations can run smoothly. Apart from that, to achieve the company's goals, effective management and appropriate policies are needed in the use, maintenance and recording of fixed assets (Sadewa et al., 2024).

Fixed assets are one of the items on the balance sheet alongside current assets, long-term investments, reserve funds and other assets. Fixed assets have a very important role because they have quite significant value when compared to other balance sheet components. In general, the economic value of a fixed asset will decrease due to use, damage and obsolescence due to economic and technical factors, so this asset requires special policy management, both in use, maintenance, control and recording, accounting and influences an important role in production activities (Amalia et al., 2024; Ramen Antonov Purba, 2021). Fixed assets cannot always be used in company operations, as time passes, the economic value of fixed assets will decrease due to several factors such as damage, obsolescence and so on. The reduced value of these fixed assets must be charged appropriately, one way is by determining the depreciation method that will be applied in the company. For this reason, it is necessary to know whether the depreciation method applied by the company has taken into account changes in the economic value of fixed assets which decrease due to the passage of time or a decrease in the benefits provided by these fixed assets (Tumija et al., 2024).

Companies must be able to apply appropriate depreciation methods to certain fixed assets. Different depreciation methods will result in different allocations of depreciation costs, which will affect the level of profit obtained by the company. Therefore, the depreciation method for fixed assets must be determined correctly so that the depreciation costs charged can reflect the reasonable value of fixed assets on the balance sheet. It is necessary to evaluate the depreciation method applied by the company to its fixed assets (Tomasowa & SE, 2023). In general, the economic value of a fixed asset will experience a decrease due to use and damage, obsolescence due to economic and technical factors. Companies must pay attention to the issue of repair and maintenance patterns, whether they are effectively constant throughout the life of the fixed asset or are increasing. Therefore, management must be careful in implementing policies, especially capitalization policies which determine the minimum amount of expenditure for fixed assets that can be capitalized (R. A. Purba et al., 2020; Sombo et al., 2020). Expenditures for assets below the minimum amount will be capitalized as income expenditure, while expenditures above the minimum amount will be capitalized as capital expenditure.

In general, every company must be able to apply depreciation methods to each fixed asset appropriately and correctly, because different depreciation methods will result in different allocations of depreciation costs and affect the profits that the company will obtain (Ardhianto & SHI, 2019). If the company's fixed asset depreciation method is not in accordance with generally accepted accounting principles or in accordance with the company's conditions, it will affect the income that will be reported each accounting period

(Ramen A Purba et al., 2020; Ramen Antonov Purba, Sembiring, et al., 2024). The results of existing research describe profits that are influenced by the straight-line depreciation method, the double declining balance method, and the sum of the year digits method (Purnama et al., 2024). From these three methods, it can be seen that the level of profit influenced by the straight line method is different from the profit influenced by the double declining balance method and the sum of the year digits method. This is because the depreciation expense calculated by each depreciation method is different (Nazah, 2015; Ramen A Purba et al., 2024).

The amount of depreciation costs will certainly have a big impact on company profits. The greater the company's depreciation costs, the smaller the profit the company will earn. Therefore, the depreciation method applied by the company has an influence on the company's profit over the useful life of the asset (Prihatini & Amin, 2022). By using the straight-line depreciation method, the company's depreciation expense will be smaller than by using depreciation for the sum of the years and double declining balance, so that the gross profit generated using the straight-line method will be greater than using the other two alternative models (Djuharni & Bezaliele, 2020).

In PP Number 96 of 2012, it is stated that the One-Stop Integrated Services and Investment Service is a licensing and non-licensing administration activity whose management process combines several types of services to provide integrated services in one unified process starting from the application stage to the completion stage of service products through one door. The Investment and One-Stop Integrated Services Service supports regional government administration in the field of integrated licensing services. One-stop service through the Investment Service and One-Stop Integrated Services covers administrative and technical areas. The administrative field includes licensing administration, including information on licensing procedures and requirements, registration, and complaint services. The technical field includes field research and protection of certain interests, for example building environmental interests, government planning interests and so on. The aim of this research is to determine the application of the fixed asset depreciation method and its impact on the performance of the Fixed Asset Report used by the One Stop Integrated Services and Investment Service.

METHOD

There are two types of data in research that researchers will use as a center for information supporting the data needed in research, namely primary data sources and secondary data sources. Primary Data, namely data obtained or collected by researchers directly from the data source. In this research, primary data was obtained through direct interviews with information from the finance sector and heads of sub-divisions and civil service. Secondary, namely data sources to support research discussions. This secondary data includes data sourced from books or reports related to research. Secondary data was obtained through data from the North Sumatra One Stop Integrated Services and Investment Service (Sugiyono, 2010; Suliyanto & MM, 2017).

In order to obtain data that can be tested for truth, is relevant and complete, this research uses instruments. Documentation. Documentation is a record of past events. The documentation carried out is in the form of recordings, image or photo data, and so on. Meanwhile, in this research, the research source documentation is data originating from the North Sumatra One Stop Integrated Services and Investment Service (Ramen Antonov Purba, Simarmata, et al., 2024). Interview . The interview method is a method used by someone for a specific purpose, trying to obtain verbal information from the respondent face to face. Interviews can be conducted face to face or by telephone. Interviews were conducted to obtain accurate data for research, namely regarding the Employee Salary and Wage System at the North Sumatra One Stop Investment and Integrated Services Service.

Observation. Observation or observation is a data collection tool that is carried out by observing. Data analysis is a process of systematically searching and compiling data obtained from interviews, observations and documentation. Meanwhile, in processing research data, researchers used descriptive qualitative methods, namely research that describes research results based on facts found in the field. This research will focus on the Implementation of the Employee Payroll and Wage Accounting System at the North Sumatra One Stop Integrated Service Investment Service (Ramen Antonov Purba & Sembiring, 2016). The population is all members of the area that is the object of research. To simplify and shorten the research, several samples will be selected. So the number of samples in this study was 5 people. In this research, the sampling technique is purposive sampling, namely sampling based on certain objectives or considerations. The subject of this research is the North Sumatra Province One-Stop Investment and Integrated Services Service.

RESULTS AND DISCUSSION

Fixed assets owned by the North Sumatra Province One Stop Investment and Integrated Services Service are valued based on acquisition price, namely all expenditure incurred to acquire fixed assets until they are in place in a ready-to-use condition. The value of fixed assets based on acquisition is:

- a. Fixed assets acquired through cash purchases are valued at the purchase price and all costs incurred until the relevant fixed assets are used. These costs consist of import duties, credited taxes, as well as costs allocated directly so that the asset can be operated which includes storage and loading and unloading costs, transportation costs, installation costs, insurance costs and consulting costs.
- b. Fixed assets acquired through exchange are held based on prevailing market prices.
- c. Fixed assets obtained through self-building start based on the total costs applied in constructing the asset until it is ready to be built.
- d. Fixed assets acquired through donations or gifts are valued based on the market price prevailing at the time of acquisition.

Based on observations made on the depreciation of fixed assets at the North Sumatra Province One Stop Investment and Integrated Services Service, data was obtained

regarding the amount of depreciation costs for fixed assets each year. Analysis of the application of the fixed asset depreciation method is carried out based on the following classification:

Table 1. Assets

Asset Type	Useful Period	Depreciation Method	Acquisition Price (Rp)	Depreciation Rates
Building	20 Year	Straight line	350.500.000	5%
Machine	4 Year	Straight line	42.000.000	50%
Equipment I	4 Year	Straight line	47.000.000	50%
Equipment II	8 Year	Straight line	235.500.000	25%
Vehicle	4 Year	Straight line	225.500.000	25%
Jumlah			900.500.000	

North Sumatra Province's One Stop Integrated Services and Investment Service uses the straight line depreciation method. The depreciation expense for building fixed assets is IDR. 17,525,000 annually. The accumulated depreciation each year is obtained from the multiples of the depreciation expense. The book value of fixed assets (buildings) at the end of the first year will be the book value at the beginning of the second year and then multiplied by the depreciation rate determined by the company, namely 10%. At the end of 2023, the book value at the beginning of the year is no longer multiplied by the depreciation rate percentage but is reduced by the book value at the end of 2023, so that the depreciation expense at the end of 2023 is IDR. 4,732,921,096. Using the sum of year digits method, the book value of fixed assets (buildings) decreases every year, but depreciation at the beginning of the year tends to be large compared to using the straight line depreciation method. At the beginning of the year the depreciation expense charged was Rp. 33,380,952 until the end of 2023 amounting to Rp. 1,402,000.

The depreciation expense for machine fixed assets is IDR. 10,500,000 every year. The accumulated depreciation each year is obtained from the multiples of the depreciation expense. Meanwhile, the book value each year is obtained from the acquisition price minus depreciation expense. The end value of the first year will be the book value at the beginning of the second year and then multiplied by the depreciation rate determined by the company, namely 100%. At the end of 2023, the book value at the beginning of the year is no longer multiplied by the depreciation rate percentage but is reduced by the book value at the end of 2023, so that the depreciation expense at the end of 2023 is IDR. 0.

Using the sum of year digits method, the book value of fixed assets (machines) decreases every year, depreciation at the beginning of the year tends to be large compared to using the straight line depreciation method. At the beginning of the year depreciation expense is charged at Rp. 16,800,000 until the end of 2023 amounting to Rp. 4,200,000. Depreciation expense for fixed assets for office equipment I is IDR. 11,750,000 annually.

The accumulated depreciation each year is obtained from the multiples of the depreciation expense. Meanwhile, the book value each year is obtained from the acquisition price minus depreciation expense. The book value of fixed assets (office equipment I) at the end of the first year will be the book value at the beginning of the second year and then multiplied by the depreciation rate determined by the company, namely 100%. At the end of 2023, the book value with a percentage depreciation rate is reduced by the book value at the end of 2023, so that the depreciation expense at the end of 2023 is IDR. 0.

Using the sum of year digits method, the book value of fixed assets (office equipment I) decreases every year, but depreciation at the beginning of the year tends to be large compared to using the straight line depreciation method. At the beginning of the year depreciation expense is charged at Rp. 18,800,000 until the end of 2023 amounting to Rp. 4,700,000. Depreciation expense for fixed assets for office equipment II is IDR. 29,437,500 annually. The accumulated depreciation each year is obtained from the multiples of the depreciation expense. Meanwhile, the book value each year is obtained from the acquisition price minus depreciation expense. The book value of fixed assets (office equipment II) at the end of the first year will be the book value at the beginning of the second year and then multiplied by the depreciation rate determined by the company, namely 50%. At the end of 2023, the book value at the beginning of the year is no longer multiplied by the depreciation rate percentage but is reduced by the book value at the end of 2023, so that the depreciation expense at the end of 2023 is IDR. 919,921,875.

Table 2. Equipment Depreciation

Year	Acquisition Cost (Rp)	Depreciation Rates	Depreciation Cost (Rp)	Accumulated Depreciation (Rp)	End of Year Book Value (Rp)
2016	235.500.000	8/36	52.333.333	52.333.333	186.166.667
2017	235.500.000	7/36	44.791.666	97.124.999	138.375.999
2018	235.500.000	6/36	39.250.000	136.374.999	99.125.999
2019	235.500.000	5/36	32.708.333	169.083.332	66.416.668
2020	235.500.000	4/36	26.166.666	195.249.998	40.250.002
2021	235.500.000	3/36	19.625.000	214.874.998	20.625.002
2022	235.500.000	2/36	13.083.333	227.958.331	7.541.669
2023	235.500.000	1/36	6.541.666	234.499.997	1.000.003

The results of existing research show that profits are influenced by the straight-line depreciation method, the double-declining balance method, and the sum of the year digits method. From these three methods, it can be seen that the level of profit influenced by the straight line method is different from the profit influenced by the double declining balance method and the sum of the year digits method. This is because the depreciation expense calculated by each depreciation method is different.

The amount of depreciation costs will certainly have a big impact on company profits. The greater the company's depreciation costs, the smaller the profit the company will earn. Therefore, the depreciation method applied by the company has an influence on the

company's profit over the useful life of the asset. In 2021, using the straight-line depreciation method, the company's depreciation expense will be smaller than using depreciation by the sum of the year figures and double declining balance, so that the gross profit generated using the straight-line method will be greater than using the other two alternative models. Likewise, in 2022, the gross profit generated by the company using the straight-line method is greater than using the double declining balance method and the sum of the year digits method.

From the company inventory method calculations that have been carried out by the author, it is known that by using the straight line depreciation method the amount of depreciation expense will always be smaller than the double declining balance method and the number of year digits. When compared with the double declining balance method, the amount of depreciation is smaller than the amount of depreciation calculated using the sum of the year digits method. The size of the amount of depreciation will greatly influence the company's profits, with a smaller amount of depreciation using the straight line method compared to using other alternative methods, the amount of profit generated will be greater. For overall disclosure, the North Sumatra Province One Stop Investment and Integrated Services Service has followed the disclosure procedures required by PSAP No. 7 concerning Fixed Assets. In the notes to the financial statements, additions or reductions to fixed assets are disclosed.

CONCLUSION

Based on the results of the author's discussion, the correct method for calculating fixed asset depreciation is according to Financial Accounting Standards (SAK) No. 17 of 2008 by determining the amount that can be depreciated first. The depreciation method used and to determine the economic useful life of an asset being depreciated. The fixed asset depreciation method used greatly influences the size of the business profits generated by the company. If the company uses the straight-line method, depreciation costs will remain constant and produce relatively constant profits each period. If you use the double declining balance method, the depreciation expense will be greater at the beginning of the period. Meanwhile, the sum of the year digits method is almost the same as the double declining balance method, but only the profit generated increases slightly at the end of the period.

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