
Implementation of Tangible Fixed Assets Recording in the Company

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Article Information

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ABSTRACT

Basically a company is always trying to achieve the goals of the establishment of the company. Various kinds of supporting tools are sought so that these goals can be achieved. One of them is the existence of tangible fixed assets that function to facilitate company activities. Correct recording in buying tangible fixed assets aims to provide information in the future. Likewise depreciation, if the depreciation method and calculations are applied consistently it will be very easy to trace the accumulated depreciation. This study aims to determine the recording of tangible fixed assets, then to determine the calculation and method of depreciation of fixed assets applied at CV Andilia Jovito. And also to find out the recording of changes in the value of tangible fixed assets from rupiah to dollars as a result of changes in the accounting books used. The writing method used is descriptive qualitative, namely describing, analyzing, and understanding the existing data and then describing it in the form of words, numbers, and conclusions. The results of this study are that the application of recording fixed assets applied by CV Andilia Jovito is consistent, the depreciation method used is the straight-line method, and the change in bookkeeping from rupiah to dollars results in a change in the acquisition price of tangible fixed assets.

Keywords: price, assets, company

1. INTRODUCTION

The existence of foreign companies establishing their businesses in Indonesia is no longer considered new to Indonesians. Various forms of company developed in Indonesia. They chose a location in Indonesia, of course, with various considerations and plans that had been prepared. Because basically a company is always trying to achieve the goals of the establishment of the company. Various forms of supporting tools are sought so that the company's goals can be achieved in accordance with what is expected. One of them is the existence of certain assets (assets) to facilitate the activities carried out by the company. An example is tangible fixed assets which are very important components for the company for its operational activities. In addition, tangible fixed assets are recorded on the balance sheet so that accuracy in processing tangible fixed assets greatly influences the fairness of their assessment in the financial statements.

Tangible fixed assets have a relatively permanent nature, which means that the assets in question can be used for a relatively long period of time for the normal activities of the company. As in the Statement of Financial Accounting Standards (PSAK) No. 16 (Revised 2011) which states that fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to other parties, or for administrative purposes and are expected to be used for more than one period. In accordance with this statement, it is certain that fixed assets are expected to provide benefits in a relatively long period of time.

However, we need to know that the benefits provided by tangible fixed assets are not always the same, generally they are decreasing continuously over time. Several factors affect the decreased ability of tangible fixed assets to provide physical services or benefits, caused by excessive use and use, then functionally, caused by insufficient capacity available to demand, for example technological advances. Thus the decrease in the ability of these tangible fixed assets can be allocated as costs, causing depreciation costs to occur.

CV Andilia Jovito is a manufacturing company engaged in the electrical sector, namely the manufacture of cables (heater wire). To expedite production activities and operational activities, several tangible fixed assets are needed, including buildings, machinery, equipment, vehicles and other supporting equipment. In

determining the acquisition price of tangible fixed assets, attention must be paid because tangible fixed assets are recorded in the financial statements, namely on the balance sheet (balance sheet).

Over time, all of these tangible fixed assets will be depreciated by incurring depreciation costs which will later affect the company's financial statements, in this case the income statement. In depreciating tangible fixed assets, the depreciation method used must also be considered, because this will affect the tax. There are several tax-recognized depreciation methods and some that are not tax-recognized. If you use the depreciation method that is not recognized by tax, there will be differences between commercial profit and loss and tax profit and loss. This occurs as a result of positive corrections or negative corrections for differences in depreciation methods used by companies and taxes.

In 2015 CV Andilia Jovito changed its accounting books from rupiah bookkeeping to dollar bookkeeping. So that it affects all the components on the balance sheet (Balance Sheet) including tangible fixed assets. It is necessary to recalculate all the components on the balance sheet to obtain the initial balance sheet for 2015 which must be in dollars. This resulted in a change in the cost of tangible fixed assets and accumulated depreciation that had been depreciated every month until the end of 2014. To change the recording of the acquisition price of tangible fixed assets from rupiah to dollars is carried out by finding the historical exchange rate according to the date the fixed assets were first acquired. The exchange rate used is the BI (Bank Indonesia) rate. And the date of purchase of these tangible fixed assets varies so that the exchange rate also varies. This can lead to differences in dollar values due to differences in the exchange rates used.

In accordance with the discussion that has been described above, the author wants to know the application of recording tangible fixed assets that is enforced at CV Andilia Jovito. From the first time it was obtained in rupiah values until the change in value to dollars in early 2015. The author also wants to know the depreciation method used at CV Andilia Jovito and its calculations. Does it affect the tax treatment or not. And the most important thing is the recording of changes in the value of tangible fixed assets from rupiah to dollars using an exchange rate that adjusts the date when the tangible fixed assets were first acquired. So the writer wants to do research with the title "The Application of Tangible Fixed Assets Recording at CV Andilia Jovito".

2. LITERATURE REVIEW

According to Dwi Martani, DKK in his book *Intermediate Financial Accounting* (2016: 271) "Fixed assets are tangible assets that are owned for use in the production or supply of goods or services, for rental to other parties or for administrative purposes, and are expected to be used for more than one period." According to Erly Suandy in his book *Tax Planning* (2013: 34) "Fixed assets are tangible assets that are acquired in ready-to-use form or built in advance, which are used in company operations, are not intended to be sold in the course of the company's normal activities and have a useful life of more than one year". The accounting treatment for tangible fixed assets is carried out based on the cost concept, meaning that each tangible fixed asset must be recorded and reported based on its acquisition price. The acquisition price of tangible fixed assets is the amount of cash that has been paid and or will be paid until the assets are ready for use.

According to Dwi Martani, DKK in his book *Intermediate Financial Accounting* (2016: 271) the cost of acquiring fixed assets includes:

- a. The acquisition price includes import duties and non-refundable purchase taxes after deducting purchase discounts and other rebates.
- b. Costs that are directly attributable to bringing assets to the desired location and condition so that assets are ready for use according to management's wishes and intentions.
- c. Initial estimate of the costs of dismantling and removing the fixed assets and local restoration of the assets.

According to Erly Suandy in his book *Tax Planning* (2011: 35) "Acquisition cost is the amount of cash or cash equivalent paid or the fair value of other compensation given to acquire an asset at the time of acquisition or construction until the asset is in condition and a place ready for use." used." From the definitions above, it can be concluded that the elements that make up the acquisition cost of a tangible fixed asset are as follows:

a. Main element

That is equal to the value of the economic resources surrendered or sacrificed during the process of transferring ownership rights to a tangible fixed asset.

b. Additional elements

Namely all economic sacrifices other than the main elements forming the acquisition price, which are directly attributable which arise during the preparation for purchase or manufacture until the tangible fixed assets are ready for use.

According to Hery in his book *Accounting for Assets, Liabilities, and Equity* (2014: 125) assets can be obtained in several ways:

- a. Cash purchases
- b. Combined purchase

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- c. Credit purchases
- d. Leasing for venture capital
- e. Exchange of fixed assets (non-monetary)
- f. Issuance of securities
- g. Own building construction
- h. Donation (donation)

According to Ahmad Syafi'i Syakur in his book *Intermediate Accounting* (2015: 244) tangible fixed assets can be grouped into several perspectives, namely:

- a. Judging from its age, it is divided into two:
 - 1) Tangible fixed assets that have an unlimited useful life. For example: the land on which a building is built.
 - 2) Tangible fixed assets that have a limited useful life. Grouped into two, namely:
 - a) Renewable fixed assets. For example: buildings, machines, vehicles.
 - b) Non-renewable fixed assets. For example: mining land concessions.
- b. Judging from its mobility, it can be divided into two, namely:
 - 1) Fixed assets are movable, namely those that can be easily moved or moved without causing changes to their structure. For example: Vehicles, equipment.
 - 2) Fixed assets are immovable. For example: land, buildings, factory machinery, and others.
- c. Judging from the ability to develop themselves, it is divided into two:
 - 1) Tangible fixed assets that cannot develop themselves. For example: land, buildings, vehicles.
 - 2) Tangible fixed assets that can develop themselves. For example: breeding cows, laying hens, and others.

According to Dewi Ratnaningsih in her book *Advanced Financial Accounting* (2015: 141)

"Functional currency is the main currency in terms of economic substance, namely the currency in the main economic environment in which the entity operates (the entity's main environment in generating and issuing cash)."

From the definition above, it can be concluded that the functional currency as the main indicator is influencing the price of goods/services, determining the selling price of goods/services of the entity, influencing labor costs, raw materials, and other costs of procuring goods/services. Meanwhile, a supporting indicator explains the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are generally withheld.

According to Dewi Ratnaningsih in her book *Advanced Financial Accounting* (2015: 142) explains that:

- a. Foreign currency: a currency other than the functional currency of an entity.
- b. Presentation currency: the currency used in presenting the financial statements.
- c. Recording currency: the currency used to record transactions.
- d. Local currency: the main currency used as a means of payment where a business operates

According to Dewi Ratnaningsih in her book *Advanced Financial Accounting* (2015: 144) explains that:

- a. The re-measurement procedure performed using the temporal method has the following general rules:
 - 1) Monetary assets and liabilities are remeasured at the reporting date/current rate.
 - 2) Non-monetary assets and liabilities that are valued at cost and share capital are remeasured at the historical exchange rate/the exchange rate on the transaction date.
 - 3) Income and expenses are remeasured at the weighted average exchange rate for the reporting period.
 - 4) Dividends are measured at the exchange rate on the dividend recording date.
 - 5) The difference in gain/loss from remeasurement is recognized in the reporting period.
- b. The translation procedure using the current exchange rate method has the following general rules:
 - 1) Assets and liabilities are translated at the current rate/rate at the reporting date.
 - 2) Equity is translated at the historical rate/rate on the transaction date.
 - 3) Income and expenses are translated at the weighted average rate.
 - 4) Dividends are translated at the exchange rate on the dividend recording date.
 - 5) The difference in translation is presented as other comprehensive income in equity.

According to Dewi Ratnaningsih in her book *Advanced Financial Accounting* (2015: 146) explains that:

- a. Exchange rate: the exchange ratio of two currencies.
- b. Spot rate (cash rate): the rate prevailing on the date of the transaction.
- c. Current exchange rate: the exchange rate at the time the financial statements are presented.
- d. Closing rate: spot rate at the end of the reporting period.
- e. Historical rate: the rate at the time a transaction occurred.

From the above understanding it can be concluded that the remeasurement of tangible fixed assets from the rupiah value to the dollar value is to use the historical exchange rate, namely the exchange rate at the time the transaction occurred.

3. RESEARCH METHOD

Qualitative is where writing is to understand and develop a complex picture, analyze words, and report views of information in detail. In this case, the writer uses a qualitative descriptive writing method. Descriptive is where the author describes an object as a result of his research in accordance with the facts without changing or manipulating.

In this case the author made direct observations on the part of budgeting budgeting. Interview one of the data collection methods for a study with a process of face-to-face conversation with parties related to the problem at hand. Observation is a data collection technique, data where the author makes direct observations of the research object to take a close look at the activities carried out.

4. RESULTS AND DISCUSSION

a. Recording of Grouping of Tangible Fixed Assets

A company is inseparable from accounting activities that begin with classifying and recording transactions. Including grouping and recording in the accounting of tangible fixed assets. The records are used as evidence and a source of information in the future. Tangible fixed assets according to CV Andilia Jovito are assets that are acquired for use in the company's operational activities or in facilitating company activities that have a useful life of more than one year so that the company's goals are expected to be achieved. From this understanding it can be understood that tangible fixed assets have the following criteria:

- 1) Having a physical form.
- 2) Used for production activities, providers of goods, services and for rent.
- 3) Not for resale.
- 4) Has a useful life of more than one accounting period.

If an acquired tangible fixed asset does not meet the above criteria, in this case there is no one of the above criteria, it cannot be said to be a tangible fixed asset. In accordance with the policies set by PT. Ebara EWI that a tangible fixed asset can be recorded as a tangible fixed asset if it has a minimum acquisition value of Rp. 500,000 and can be utilized for more than one year. In determining the acquisition value of tangible fixed assets must be based on the acquisition price. Based on PT. Ebara EWI records the acquisition price of tangible fixed assets in accordance with the economic value of the tangible fixed assets submitted plus costs directly attributable to obtaining tangible fixed assets until they are ready for use. Some tangible fixed assets owned by PT. Ebara EWI is grouped as follows:

1) Soil

It is land that is within the scope of PT. Ebara EWI which is above it is used for the company's normal activities, including in the form of buildings and courtyards. The land area owned is 2,541m².

2) Building

Is a building that stands on the ground and several partitions contained in the building. The main building consists of two floors. At the top is the office space, and the bottom part is the production room, prayer room, QC room, raw material warehouse and finished goods warehouse. The building outside the main building consists of security and customs rooms.

3) Engine

These are several production machines used for the company's daily production activities and machine installations or electrical panels used to support the company's production activities.

4) Vehicles

Namely the vehicle used for the company's operational activities. Consists of office car and forklift.

5) Computer equipment

Is some computer equipment, computer networks and the like, including light machines such as typewriters, thermometers, and others.

6) Office equipment

Namely equipment such as furniture which is usually used as a place to store office goods and production spare parts. Such as filing cabinets, desk chairs, file racks and other office equipment.

b. Recording of Acquisition Price of Tangible Fixed Assets

In determining the acquisition price of a tangible fixed asset, it must be in accordance with the economic price of the asset plus the costs used to acquire the asset until the asset can be used. Based on the observations made at PT. Ebara EWI, there are several things that must be considered in purchasing tangible fixed assets:

1) Before buying tangible fixed assets, the finance manager makes a list of requests (requests) for the purchase of the assets needed. If the purchase of fixed assets at a price of more than Rp. 20,000,000 then a discussion with the president director is required. If the purchase of these assets is below the price of Rp. 20,000,000 then only need to discuss with the director.

2) If the request for purchase of tangible fixed assets is approved by the president director, the administrative staff will make a PO (Purchase Order).

3) Based on the time of recognition of the acquisition of tangible fixed assets at PT. Ebara EWI is as follows:

a) Cash purchases

If the purchase of the asset is made in cash, then the recognition of fixed assets is when the purchase transaction occurs. For example: buying a machine in cash on March 15 2014, recognition of the acquisition of these assets on March 15 2014.

b) Credit purchases

(1) With terms

If credit purchases are made with terms, the recognition of fixed assets is when the terms are paid. So before settlement occurs, the fixed assets are recorded in the construction in progress account. For example: buying a machine with three terms, the first term is March 15 2014, the second term is May 15 2014, the third term is July 15 2014 and the payment is made on August 1 2014, then the recognition of the acquisition of these assets is on August 1 2014.

(2) Not with terms

If credit purchases are not made with terms, then the recognition of fixed assets is when a debt transaction occurs. Because repayment is made no more than fifteen days from the debt transaction. For example: buying a machine on March 15 2014 and then paying it off on March 25 2014, then the recognition of the fixed assets is March 15 2014.

4) After the invoice is received, the administrative staff records it in the Bank Payment Voucher journal for cash purchases and the Memorial Voucher journal for credit purchases. Then it is inputted into the Zahir Accounting system

5. CONCLUSION

Based on the analysis of the data obtained and the results of research conducted on CV Andilia Jovito, the following conclusions can be drawn:

1. The recording of tangible fixed assets that is implemented at CV Andilia Jovito with regard to purchases, determining the acquisition price, and the recognition of tangible fixed assets is consistent with the theoretical basis obtained by the author.
2. The depreciation method for tangible fixed assets used at CV Andilia Jovito is the straight-line method, namely a method that provides a constant depreciation expense in each accounting period during the useful life of the tangible fixed assets concerned. The useful life is the same as the tax regulations to minimize the difference between commercial depreciation expense and fiscal depreciation expense.

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