

## The impact of fixed asset accounting on enhancing operational efficiency and business performance

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**Abstract** - Fixed assets are assets that are acquired and used for company operations not for sale and have a useful life of more than one year. Basically, each company uses a different approach in managing its assets, as is the case with UD Tiga Berlian which has fulfilled the classification of PSAK No. 16. The research focus in this study is 1) how is the role of fixed asset accounting in improving company operations? 2) whether fixed assets can improve the company's operations? The objectives to be achieved in this study are 1) to determine the role of fixed asset accounting in improving the operations of the company 2) to determine whether fixed assets can improve the operations of the company. This research uses a qualitative approach with descriptive research type. Using the type of field research with data collection techniques taken from the results of observations, interviews, and documentation by going directly to the field and interviewing related parties. The results of this study are 1) Fixed asset accounting has a significant role in supporting company operations. This is because the application of fixed assets is carried out in accordance with PSAK No. 16, making it easier for companies to keep accurate records, transparency, and make better decisions. 2) Fixed assets that are managed properly as well as in terms of recording or maintenance can help companies minimize the occurrence of damage or loss of existing assets and can extend their useful life.

**Keywords:** role of accounting, fixed assets, company operations

### 1. Introduction

In running a business, sufficient knowledge is required to manage its operations effectively, particularly in handling financial reporting issues. Finance is a fundamental aspect of business, as it determines whether a company will sustain growth or face financial difficulties (Sari et al., 2024). Without proper financial management, even businesses with strong market potential may struggle to survive. As businesses evolve and experience rapid development, they undergo various improvements and changes that necessitate the adaptation of financial strategies. This ongoing development increases awareness of the importance of financial reporting and the quality of financial information, which plays a crucial role in strategic decision-making. Proper financial reporting allows businesses to track their financial activities, assess profitability, and ensure compliance with regulatory standards.

Accounting serves as the backbone of financial management by recording, classifying, and summarizing financial transactions in a structured manner. Through accounting, a



company's financial position, operational performance, and cash flow can be systematically analyzed and reported (Parmono & Zahriyah, 2021). Organizations establish financial goals categorized into short-term, medium-term, and long-term objectives. Achieving these goals requires sound financial management, well-defined strategies, and effective asset utilization. Organizations strive to generate profits and increase their market value, ensuring long-term sustainability. Without a well-structured organization and financial management system, businesses would struggle to achieve their intended goals and could face operational inefficiencies or financial instability.

One of the most crucial components in business operations is the management of fixed assets. The presence of assets that support the company's day-to-day functions ensures that business operations run smoothly. Among these, fixed assets hold particular importance due to their role in sustaining business activities. Fixed assets are vital for a business because, without them, companies would not be able to conduct essential operations, produce goods, or deliver services (Ningrum, 2022, p. 10). These assets include tangible, long-term resources such as land, buildings, machinery, equipment, and vehicles that contribute to the operational efficiency of an organization. Unlike current assets, which are consumed or converted into cash within a short period, fixed assets are intended for long-term use, providing economic benefits over several years.

Fixed assets have an economic life, which means they depreciate over time as they are continuously used in operational activities. Companies must account for the depreciation of these assets to ensure accurate financial reporting. Depreciation reflects the gradual reduction in an asset's value over its useful life, helping businesses allocate costs systematically and maintain financial transparency. This accounting practice is essential for making informed financial decisions, such as budgeting for future asset replacements, assessing the profitability of business operations, and ensuring compliance with accounting standards.

Given their long-term nature, fixed assets eventually reach the end of their useful life, requiring replacement, disposal, or exchange. Companies must manage these assets efficiently to optimize their economic value. When assets can no longer be used, they can be sold, scrapped, or exchanged for similar assets to maintain operational efficiency (Rahayu, 2022). Proper asset management ensures that businesses do not experience unnecessary financial burdens due to outdated or non-functional equipment.

Moreover, the acquisition of fixed assets involves various financial considerations. Companies acquire fixed assets through direct purchase, instalment payments, leasing, or asset exchanges. The acquisition cost of a fixed asset includes not only the purchase price but also additional costs such as transportation, installation, and legal fees. These costs must be recorded accurately to reflect the true value of the asset on the company's financial statements. Businesses must also implement appropriate depreciation methods, such as the straight-line method, declining balance method, or units of production method, to allocate costs over the asset's useful life. Each depreciation method serves different business needs and affects financial reporting differently.

Beyond their financial implications, fixed assets also influence a company's competitive advantage. Businesses that invest in modern machinery and infrastructure can enhance productivity, reduce operational costs, and improve product quality. For example, manufacturers investing in advanced production equipment can increase output efficiency and reduce downtime due to equipment failures. Similarly, companies in the service industry benefit from investing in high-quality office infrastructure and technology, enhancing customer satisfaction and operational efficiency.

Fixed assets also contribute to a company's valuation, particularly when assessing financial health and creditworthiness. Financial institutions and investors evaluate a company's fixed assets to determine its financial stability, investment potential, and ability to generate future



income. Businesses with well-managed fixed assets are often viewed as more reliable and creditworthy, making it easier to secure loans and attract investment.

In addition, businesses must adhere to financial regulations and accounting standards when managing fixed assets. Accounting standards such as the International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP) provide guidelines for recognizing, valuing, and reporting fixed assets in financial statements. Compliance with these standards ensures that financial reports are transparent, consistent, and comparable across different industries and regions. Failure to comply with accounting regulations can lead to financial misstatements, legal consequences, and reputational damage.

Table 1: Comparison of Company Assets to Sales

	UD Tiga Berlian		Laris Manis		Halik	
Assets	Rp	2.174.857.960	Rp	1.029.092.767	Rp	876.784.251
Sales	RP	890.907.456	RP	367.957.829	RP	98.718.589

Table 1 explains that a company's assets can significantly influence its sales performance. A greater asset base can enhance the potential for generating higher sales, as assets contribute to production, distribution, and operational efficiency. However, while assets play a crucial role in supporting business functions, they are not the sole determinant of sales performance. Several other factors, such as marketing strategy, product quality, and pricing, also influence a company's sales figures (Setyowati, 2024). Therefore, a comprehensive approach that considers both tangible and intangible aspects of business operations is essential for sustainable growth.

According to PSAK No. 16 of 2015, fixed assets are tangible assets that are acquired either in a ready-to-use form or through a development process. These assets are used in company operations and are not intended for sale as part of normal business activities. Additionally, fixed assets have a useful life of more than one year, making them crucial for long-term operational efficiency and financial stability (Indonesia, 2021). Proper management of fixed assets ensures that businesses maximize their utility while maintaining financial transparency and accountability.

Based on observations conducted during this research, it has become evident that analysing the role of fixed asset accounting in business operations is an area of significant interest. One of the key insights obtained is that different companies adopt varying principles and practices in managing their fixed assets. This variation in implementation leads to differing levels of operational efficiency, financial performance, and overall business success. Understanding these differences allows businesses to optimize their asset management strategies for better outcomes.

A particularly intriguing phenomenon observed in UD Tiga Berlian, a company based in Paiton District, is that despite having a considerable number of unused fixed assets, the company continues to operate efficiently. This raises important questions about how the company manages its fixed assets and whether optimal utilization is necessary for maintaining operational success. The ability of UD Tiga Berlian to function smoothly despite the presence of idle assets suggests that other operational strategies might be in place to compensate for potential inefficiencies. This situation presents an opportunity to explore the role of fixed asset accounting in enhancing business operations.

Fixed asset accounting is essential in helping businesses track, manage, and optimize their investments in long-term assets. Proper accounting ensures that companies maintain accurate records of asset acquisition costs, depreciation, and disposal. This process enhances financial reporting transparency and supports informed decision-making regarding future investments. The effective management of fixed assets also prevents unnecessary expenditures and improves the allocation of resources.

One of the primary reasons for conducting this research is to investigate how UD Tiga Berlian manages its fixed assets and whether the current approach contributes positively to its operations. By examining the company's fixed asset accounting practices, it is possible to determine whether improvements in asset utilization can lead to better business performance. Additionally, understanding the company's asset management strategies can offer valuable insights that can be applied to other businesses facing similar challenges.

This study aims to provide a positive contribution to the understanding of fixed asset accounting and its role in business success. By analysing the current practices at UD Tiga Berlian, the research seeks to offer recommendations for optimizing asset management. These recommendations can benefit not only UD Tiga Berlian but also other businesses looking to enhance their operational efficiency through better fixed asset accounting practices.

Based on the observations and background analysis, this study formulates the following research questions:

- (1) What is the role of fixed asset accounting in improving the operations of UD Tiga Berlian?
- (2) Can fixed assets contribute to improving UD Tiga Berlian's operational efficiency and overall business performance?

The objectives of this research are as follows:

- (1) To analyze the role of fixed asset accounting in enhancing the operational efficiency of UD Tiga Berlian.
- (2) To determine whether the company's fixed assets contribute positively to its overall business performance.

Through this study, the goal is to highlight the importance of fixed asset accounting and its impact on business operations. By identifying best practices and potential areas for improvement, the research aims to provide valuable insights that can help businesses maximize the benefits of their fixed assets. In doing so, it will contribute to the broader field of financial management and business efficiency, offering practical solutions for companies looking to enhance their asset management strategies.

Fixed assets play a vital role in business operations, but their impact depends on how effectively they are managed. The case of UD Tiga Berlian presents an interesting scenario where fixed assets are not fully utilized, yet the company continues to operate successfully. This study seeks to understand the reasons behind this phenomenon and explore whether improvements in asset management can further enhance the company's efficiency. By examining the principles and practices of fixed asset accounting, the research aims to offer valuable insights and recommendations for businesses looking to optimize their asset utilization and overall financial performance.

Fixed asset management plays a crucial role in ensuring the efficiency and sustainability of organizations, particularly in financial and asset management agencies, the hospitality sector, and state-owned enterprises. Various studies have examined the impact of fixed asset management and accounting standards on organizational performance, highlighting both challenges and best practices in different industries.

One study analysed the management of fixed assets and the application of government accounting standards in the Malang City Regional Financial and Asset Management Agency. The findings indicate that as an asset manager, BPKAD Malang City has successfully implemented eleven fixed asset management cycles. These cycles help in the systematic recording, monitoring, and valuation of assets, ensuring compliance with government regulations. However, challenges persist, particularly in the human resources (HR) aspect. A major inhibiting factor in the implementation of the regional property management cycle is the limited knowledge and understanding of fixed asset management among personnel. Effective asset management requires well-trained HR with expertise in regulatory compliance and technical aspects. Without

adequate training and development, the management cycle may not function optimally, leading to inefficiencies and potential mismanagement (Meo et al., 2021).

Another study examined the role of management accounting information in making fixed asset investment decisions at the Gran Puri Hotel Manado. The study emphasizes that management accounting information plays a pivotal role in guiding investment decisions related to fixed assets. The findings suggest that PT Gapura Utarindo Internasional relies heavily on accurate accounting information when making investment decisions for the Gran Puri Hotel Manado. Properly structured financial data provides insights into asset valuation, depreciation trends, and cost-benefit analysis, enabling the organization to make informed choices regarding asset acquisition and maintenance. Additionally, the study highlights the importance of integrating management accounting information with strategic planning to ensure that investment in fixed assets aligns with long-term business goals. Without reliable financial data, organizations may struggle to assess the viability of fixed asset investments, leading to financial risks and suboptimal resource allocation (Makisanti et al., 2022).

A third study investigated the application of accounting treatment to land assets at PT Kereta Api Indonesia (Persero) DAOP IX Jember. The study identified several significant findings related to the classification, valuation, and recording of land assets within the company. The research highlights the need for proper categorization of land assets to ensure accurate financial reporting and compliance with accounting standards. The study also emphasizes that land assets, unlike other fixed assets, do not undergo depreciation; hence, their treatment in financial statements requires a unique approach. Furthermore, maintaining updated records of land assets is essential for effective decision-making, particularly regarding asset utilization, leasing, and expansion projects. The study underscores the importance of implementing standardized accounting treatment for land assets to enhance financial transparency and accountability in state-owned enterprises (Masrohatin et al., 2024).

These studies collectively provide valuable insights into fixed asset management across different sectors. They highlight the necessity of skilled human resources, the integration of accounting information in decision-making, and the adoption of standardized accounting treatments. Addressing these aspects can enhance asset efficiency, improve financial reporting accuracy, and contribute to the long-term sustainability of organizations.

Accounting serves as an information system that generates financial data for various stakeholders involved in economic activities (Mauliyah & Masrunik, 2019, pp. 1–2). It plays a crucial role in recording and managing financial transactions, ensuring accountability, and safeguarding assets through accurate reporting. Beyond being a tool for financial reporting, accounting helps monitor and protect assets, preventing misuse and maintaining integrity. Fundamentally, the purpose of accounting in a business system is to record, compile, and report financial information related to a company's financial position, performance, and cash flow (Pebrianti et al., 2024, pp. 27–29).

Fixed assets are assets with a useful life of more than one year, used in business operations and not intended for resale in the company's normal course of business. These assets typically have significant value (Hidayat, 2018, pp. 41–42). Baridwan defines fixed assets as tangible, long-term assets used in business operations (Zaki, 2015, p. 271). Certain fixed assets, such as land, are classified as non-monetary because their value is derived from use rather than conversion into cash.

The main characteristics of fixed assets include (Pangaribuan, 2022, p. 210): (1) **Operational Use**: Acquired for business operations and not for resale. (2) **Long-Term Nature**: Provide benefits over multiple periods and are subject to depreciation, except for land. (3) **Physical Existence**: Distinct from intangible assets like patents and goodwill, as they have a tangible form.



Fixed assets are categorized into several groups to facilitate management and financial reporting. According to the Indonesian Accountants Association (Ikatan Akuntan Indonesia, 2015), fixed assets are classified into:

(1) **Tangible Fixed Assets** – Long-term physical assets used in business operations, not intended for resale. Examples include land, buildings, machinery, equipment, and transportation vehicles.

(2) **Intangible Fixed Assets** – Non-physical assets with long-term value that contribute to business operations. Examples include patents, copyrights, trademarks, franchises, and goodwill (Mulyana et al., 2024, p. 77).

Additionally, fixed assets can be categorized as follows:

- **Land:** Includes both developed and undeveloped land.
- **Buildings and Structures:** Physical structures that depreciate over time.
- **Machinery and Equipment:** Tools and production equipment essential for business operations.
- **Transportation Assets:** Vehicles used in the company's operational activities.

The cost of acquiring fixed assets, known as **historical cost**, includes all expenses necessary to prepare the asset for operational use (Bahri, 2016, pp. 7–8). Different acquisition methods influence the purchase price:

(1) **Cash Purchase** – The asset is recorded at the total amount paid, including all associated costs.

(2) **Credit Installment Purchase** – The purchase price excludes interest charges, which are recorded separately as interest expenses (Sijabat, 2013, p. 111).

(3) **Exchange of Assets** – Fixed assets may be acquired through asset exchanges, where gains or losses are recognized based on the difference between the book value of the exchanged asset and the fair value of the acquired asset (Silvan & Wulandari, 2024, p. 35).

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life, as outlined in PSAK No. 16 Paragraph 6. The useful life of an asset refers to the expected period of use or the number of production units the entity expects to generate from the asset (Erlina & Rambe, 2018, p. 269). Depreciation ensures that the cost of a fixed asset is matched with the revenue it helps generate.

According to PSAK No. 16 Paragraph 63, depreciation methods include:

(1) **Straight-Line Method**

The straight-line method considers depreciation as a function of time, distributing the cost of an asset evenly over its useful life. Depreciation expense remains consistent across accounting periods.

(2) **Declining Balance Method**

This method applies a fixed percentage to the asset's book value at the beginning of each year, resulting in higher depreciation expenses in the early years and lower expenses in later years.

(3) **Unit of Production Method**

This method calculates depreciation based on actual usage rather than time. The depreciation rate per unit is determined first, and then multiplied by the number of units produced during the period (Erlina & Rambe, 2018, p. 273). The formula is:

$$\text{Depreciation expense per year} = \frac{\text{acquisition price} - \text{residual value}}{\text{estimated benefits in years}}$$

(2) **Declining Balance Method**



The declining balance method results in higher depreciation expenses in the early years of an asset's useful life, with decreasing expenses in subsequent years. This method applies a fixed percentage to the asset's book value at the beginning of each year, leading to an accelerated depreciation rate. The percentage used is typically double that of the straight-line method (Erlina & Rambe, 2018, p. 272). The depreciation expense is calculated using the following formula:

$$\text{Depreciation Expense} = \text{Depreciation Rate} \times \text{Book Value at the Beginning of the Year}$$

### (3) Unit of Production Method

The unit of production method determines depreciation based on the actual usage of a fixed asset over its economic life. This approach calculates depreciation in two steps. First, the depreciation rate per unit of production is established. Then, the total depreciation expense for an accounting period is calculated by multiplying the depreciation rate per unit by the number of units produced during that period (Erlina & Rambe, 2018, p. 273).

The first step in applying this method is to determine the depreciation rate using the following formula:

$$\text{Depreciation rate} = \frac{\text{acquisition cost} - \text{residual value}}{\text{Estimated benefit in hours}}$$

After calculating the depreciation rate, the depreciation expense is determined by multiplying the rate by the actual number of production units. The company's chosen fixed asset depreciation method will be detailed in the notes to the financial statements. The acquisition cost, accumulated depreciation, and book value of fixed assets will be presented on the balance sheet, with accumulated depreciation acting as a deduction from the acquisition cost to determine the net book value. Depreciation expenses for fixed assets will be recorded and reported in the profit and loss statement for each accounting period.

The financial report provides disclosures for each category of fixed assets, including: (1) The method used to determine the gross carrying amount. (2) The depreciation method applied. (3) The depreciation rate or useful life of the asset. (4) The gross carrying amount and accumulated depreciation at the beginning and end of the period. (5) Any additions, disposals, or revaluation adjustments affecting the carrying amount. (6) A reconciliation of the carrying amounts from the beginning to the end of the period.

These disclosures ensure transparency in asset management and provide stakeholders with a clear understanding of the company's financial position regarding fixed assets.

## 2. Method

### 2.1 Method of Collecting Data

This study employs a qualitative approach, which is based on the philosophy of post-positivism and aims to explore and describe phenomena in depth (Sugiyono, 2020, p. 318). The type of research used is descriptive research, which involves detailing an event or phenomenon through direct engagement with the subject matter. The primary data collection methods used in this study include observation, interviews, and documentation.

The research was conducted at UD Tiga Berlian, located at Jalan Raya No.358, Candi Hamlet, Jabung Candi, Paiton District, Probolinggo Regency, East Java 67291. The selection of participants was done using purposive sampling, where informants were chosen based on their relevance and knowledge of the research subject. The key subjects in this study were: (1) Mr. Sutrisno Gunawan, the leader of UD Tiga Berlian, (2) Mrs. Amelia Jessika Putri, the treasurer, and (3) Mrs. Rofiatu Sadiyah, an employee of UD Tiga Berlian. These individuals were selected because of their direct involvement in fixed asset management within the company.



Observation was carried out systematically to examine the company's fixed asset management practices. The observation method was supplemented with a structured format to ensure consistency and reliability in data collection. Interviews were conducted face-to-face with the selected respondents to gain deeper insights into the procedures, challenges, and strategies related to fixed asset management. A set of semi-structured questions was prepared to maintain a balance between open-ended responses and focused discussions.

In addition to interviews and observations, documentation was used to strengthen the findings. Documentation involved collecting and analyzing company records, financial reports, and policy documents related to fixed asset management. The documentation method is complementary to observation and interviews, as it provides a historical record of asset management practices and supports triangulation in qualitative research (Moleong, 2016, p. 186). The combination of these three methods ensures that the data collected is comprehensive and reliable.

## 2.2 Technique of Analysis

Once data collection was completed, the next step involved a rigorous analysis of the collected data. The analysis process followed several key stages to ensure meaningful interpretation and conclusions. The data analysis techniques used in this research are as follows:

- (1) **Data Collection:** The raw data obtained through observation, interviews, and documentation were compiled and organized systematically. The triangulation method was employed to validate data by cross-referencing multiple sources and perspectives.
- (2) **Data Reduction:** At this stage, the collected data was processed, summarized, and filtered to focus on key aspects related to fixed asset accounting. Irrelevant or redundant data was removed, ensuring that only essential and meaningful information was retained.
- (3) **Data Presentation:** The reduced data was then presented in a structured manner, using charts, tables, and descriptive summaries to facilitate understanding. This step helped in identifying trends, patterns, and relationships within the data, making it easier to derive meaningful insights.
- (4) **Data Verification and Conclusion Drawing:** The final stage involved verifying the findings by cross-checking data sources and reviewing field notes. This step aimed to establish the credibility and reliability of the research conclusions. The verified data was then used to formulate conclusions that addressed the research objectives. Additionally, suggestions and recommendations were provided to relevant stakeholders based on the findings.

To ensure the validity and reliability of the research, source triangulation was applied. This involved verifying the consistency of information obtained from different respondents and data sources. By cross-referencing various forms of data, the research findings became more robust and credible.

The qualitative research process was divided into four major stages: (1) the pre-field stage, which involved preparation and planning; (2) the implementation stage, where data collection was conducted through fieldwork; (3) the completion stage, where data processing and analysis were carried out; and (4) the conclusion stage, where final interpretations, recommendations, and the research report were compiled. Each stage played a crucial role in ensuring a systematic and comprehensive study.

By adopting a structured approach to data collection and analysis, this study effectively explores the role of fixed asset accounting in improving company operations. The findings provide valuable insights into how proper asset management can contribute to transparency, efficiency, and decision-making within a business context.

## 3. Results and Discussion





### 3.1 Results

This section presents the findings regarding the role of fixed asset accounting in improving company operations at UD Tiga Berlian. The research was conducted using interviews, observations, and documentation to obtain relevant data.

Fixed asset accounting plays a crucial role in the financial management and operational efficiency of UD Tiga Berlian. The company's fixed assets include land, buildings, equipment, and machinery, which are recognized and recorded according to applicable accounting standards. Proper accounting of fixed assets facilitates decision-making and ensures business sustainability.

The research findings indicate that fixed asset accounting significantly contributes to operational improvements. The processes of recording, recognizing, and reporting fixed assets are conducted in compliance with accounting regulations. This aligns with the study that found while fixed asset management adhered to regulatory procedures, challenges such as delays in reporting, lack of legal security, and asset valuation problems persisted (Meo et al., 2021).

The research identified various methods for acquiring and valuing fixed assets to enhance company operations. Fixed assets acquired through cash transactions, such as machinery and equipment, are recorded at their acquisition cost, including expenses incurred until the asset is operational. When UD Tiga Berlian constructs fixed assets internally, all expenses incurred from inception to completion are considered in the asset's valuation. Accurate recording of fixed assets provides several advantages for UD Tiga Berlian. Detailed asset records enable effective monitoring of investments and financial management. Comprehensive data allows for better planning of asset financing, replacement, and maintenance. Proper valuation ensures that fixed assets contribute optimally to company operations by factoring in all associated costs.

The valuation of fixed assets is based on historical cost, which represents the amount paid to acquire the asset. If historical cost valuation is not feasible, the asset is recorded at fair value, reflecting a reasonable replacement cost determined by professional judgment. Despite maintaining well-presented financial statements, UD Tiga Berlian faces challenges in reporting accumulated depreciation separately. This lack of clarity hinders stakeholders from understanding the depreciation of individual assets, indicating a need for better depreciation accounting practices.

Fixed assets directly impact company operations by enhancing efficiency, productivity, and long-term sustainability. The study supports this finding, emphasizing the importance of cost, profit, and risk analysis in fixed asset management (Makisanti et al., 2022). Fixed assets at UD Tiga Berlian are fundamental to strategic planning, recording, and evaluation, ensuring compliance with accounting standards and facilitating informed decision-making regarding procurement, maintenance, and depreciation.

Fixed asset management ensures compliance with relevant regulations and accounting standards. By following established accounting principles, UD Tiga Berlian reduces the risk of financial misstatements and enhances its credibility with stakeholders. Proper documentation and reporting of fixed assets provide a transparent view of the company's financial health. Well-maintained records allow for accurate financial analysis and audit readiness, contributing to operational efficiency and regulatory compliance.

Depreciation is a critical aspect of fixed asset management, affecting financial statements and tax liabilities. UD Tiga Berlian employs systematic depreciation methods to allocate the cost of fixed assets over their useful lives. Accurate depreciation accounting helps in matching expenses with revenue, providing a realistic representation of financial performance. However, challenges persist in distinguishing accumulated depreciation for individual assets, necessitating improvements in reporting and transparency.

Effective fixed asset accounting supports long-term strategic planning by providing insights into asset utilization, maintenance costs, and replacement needs. Proper valuation and



management of fixed assets contribute to informed decision-making regarding investments, ensuring optimal resource allocation. The role of fixed assets extends beyond financial reporting; it impacts operational efficiency and sustainability. Well-maintained assets enhance productivity, reduce downtime, and support business growth.

To improve fixed asset accounting, UD Tiga Berlian should implement advanced asset management software, train personnel on accounting standards, and establish clear policies for asset recording and depreciation. By adopting best practices in fixed asset management, the company can enhance transparency, efficiency, and financial stability. Strengthening internal controls and conducting regular audits will further ensure compliance with accounting standards and regulatory requirements.

The findings indicate that fixed asset accounting is integral to business success, influencing financial management, operational efficiency, and strategic decision-making. By addressing challenges in asset valuation, depreciation reporting, and regulatory compliance, UD Tiga Berlian can optimize its asset management practices and achieve sustainable growth.

### 3.2 Discussion

Fixed assets play a critical role in maintaining a smooth production process. Investments in modern machinery and equipment enhance efficiency, reducing manual labor and increasing output capacity. This directly impacts productivity and competitiveness in the market.

Fixed assets contribute to cost reduction by optimizing resource utilization. For example, automation in production processes minimizes manual errors, decreases labor costs, and enhances operational efficiency. The use of machinery reduces dependency on human labor, leading to significant cost savings in the long run. By leveraging advanced technology, companies can minimize operational inefficiencies, ensuring that production runs smoothly with minimal disruptions. The integration of automated systems also helps in maintaining consistent product quality while reducing waste and rework costs.

Production capacity is defined as the maximum output that a company can achieve within a specific timeframe using its available resources. Fixed assets, such as manufacturing plants and production equipment, directly influence this capacity by determining the scale of operations. Well-maintained assets ensure uninterrupted production, meeting market demand effectively. Investing in high-quality fixed assets enhances production efficiency, allowing companies to scale up their operations without compromising quality. This supports business growth and market expansion, ensuring sustained profitability.

Reliable financial information derived from fixed asset accounting aids management in making strategic decisions. Accurate data on asset valuation, depreciation, and maintenance costs help businesses assess whether to invest in new assets, upgrade existing ones, or dispose of underperforming assets. Decision-making in asset management involves evaluating return on investment (ROI), asset utilization rates, and cost-benefit analyses. By having well-documented financial records, UD Tiga Berlian can make informed choices regarding capital expenditures and long-term asset planning.

Fixed asset accounting must adhere to established standards to ensure financial transparency and accuracy. According to PSAK No. 16, fixed assets should be recorded at acquisition cost, minus accumulated depreciation. UD Tiga Berlian employs the straight-line depreciation method, which allocates an equal depreciation expense over the asset's useful life. Advantages of Systematic Depreciation Recording: (1) Improved Budget Planning – Predictable depreciation expenses enable better long-term financial planning. (2) Accurate Asset Valuation – Understanding annual depreciation helps determine asset replacement and maintenance costs. (3) Preventing Overspending – A systematic approach to depreciation prevents financial mismanagement by spreading costs evenly. (4) Financial Transparency – Clear depreciation records provide a realistic view of asset value and company performance.



By following PSAK No. 16 guidelines, UD Tiga Berlian ensures compliance with accounting regulations, fostering trust among stakeholders and investors.

Fixed assets are essential for achieving UD Tiga Berlian's strategic objectives. Effective asset management contributes to:

- Operational Stability – Ensuring that assets are well-maintained and operational reduces downtime and production delays.
- Long-Term Growth – Investments in high-quality assets support expansion and scalability.
- Competitive Advantage – Efficient asset utilization enhances productivity, enabling the company to outperform competitors.

By integrating fixed asset management into overall business strategy, UD Tiga Berlian can sustain long-term profitability and operational success. The findings highlight the crucial role of fixed asset accounting in improving UD Tiga Berlian's operational efficiency. Proper recognition, valuation, and depreciation of fixed assets enhance transparency, decision-making, and cost management. The study underscores the importance of adhering to accounting standards to ensure financial accuracy and sustainability. By investing in reliable fixed asset management practices, UD Tiga Berlian can optimize resource utilization, reduce costs, and achieve long-term business growth. Future improvements should focus on refining depreciation reporting and adopting advanced asset management technologies to further enhance operational effectiveness.

Additionally, asset maintenance plays a crucial role in sustaining productivity. Preventive maintenance strategies, such as routine inspections and timely repairs, extend asset lifespan and prevent unexpected breakdowns. Implementing a structured maintenance schedule can reduce operational disruptions, ensuring consistent productivity and efficiency.

The adoption of digital asset management systems can further enhance fixed asset tracking and reporting. Automated systems provide real-time data on asset condition, usage, and depreciation, enabling better decision-making. Such technologies can help UD Tiga Berlian monitor asset performance, forecast maintenance needs, and optimize investment strategies. In conclusion, fixed asset management is a fundamental component of operational efficiency and financial stability. By implementing best practices in asset acquisition, maintenance, and accounting, UD Tiga Berlian can strengthen its market position and sustain long-term growth. Continued investment in asset management technologies and adherence to accounting standards will further enhance financial transparency and strategic decision-making. Future research should explore emerging trends in asset management, such as artificial intelligence and blockchain technology, to optimize asset utilization and drive innovation.

#### 4. Conclusion

Fixed asset accounting at UD Tiga Berlian plays a crucial role in ensuring the efficiency and effectiveness of company operations. The research findings indicate that the company adheres to PSAK No. 16 in managing its fixed assets, which enhances the accuracy of financial records, promotes transparency, and supports strategic decision-making. By systematically recognizing, recording, and reporting fixed assets, UD Tiga Berlian ensures compliance with accounting regulations and financial best practices.

Proper management of fixed assets is essential for minimizing financial risks and operational disruptions. Fixed assets such as land, buildings, machinery, and equipment represent significant investments that require proper oversight to maximize their utility and longevity. Well-maintained fixed assets contribute to cost efficiency by reducing the frequency of repairs and replacements, ultimately lowering overall business expenses. Moreover, structured asset accounting facilitates better financial forecasting, allowing UD Tiga Berlian to allocate resources effectively for asset maintenance and future acquisitions.



One of the key advantages of well-managed fixed assets is the ability to extend their useful life through regular maintenance and timely repairs. A proactive approach to asset management minimizes depreciation costs and prevents unexpected operational downtimes. Additionally, accurate depreciation calculations ensure that financial reports reflect the true value of the company's assets, which is crucial for investors, stakeholders, and regulatory bodies. The research also highlights the need for continuous improvement in fixed asset management at UD Tiga Berlian. While the company follows the necessary accounting standards, challenges such as delays in depreciation reporting and incomplete asset tracking still exist. Addressing these issues requires a more refined approach to asset recording and the implementation of advanced asset management systems. Leveraging modern technology, such as enterprise resource planning (ERP) software, can further enhance accuracy and streamline asset tracking processes.

Furthermore, effective fixed asset management directly impacts the company's operational performance. By optimizing the utilization of assets, UD Tiga Berlian can increase production efficiency and maintain consistent output levels. Investments in high-quality machinery and equipment, when managed properly, result in enhanced productivity and long-term profitability. Additionally, strategic planning for asset replacement and disposal ensures that obsolete assets do not hinder operational efficiency.

To improve fixed asset management, the company should implement the following recommendations:

- (1) Regular Training for Employees – Conduct periodic training on asset utilization, preventive maintenance, and PSAK No. 16 compliance to ensure employees understand regulatory requirements and best practices.
- (2) Advanced Asset Management Systems – Adopt digital solutions for asset tracking, depreciation calculations, and maintenance scheduling to enhance accuracy and efficiency.
- (3) Strengthening Internal Controls – Establish stricter controls, conduct regular audits, and implement asset verification processes to prevent mismanagement and maintain accurate records.

By implementing these strategies, the company can optimize fixed asset management, reduce errors, and ensure compliance.

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