

RESEARCH ARTICLE

Evaluation of fixed asset accounting practices in PT Bank Aceh Syariah's financial statements

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ABSTRACT

This study aims to analyze the accounting treatment applied to fixed assets in the financial statements of PT Bank Aceh Syariah in Banda Aceh. The research method used is a case study with a descriptive-analytical approach. Data was collected through in-depth interviews with relevant personnel and document analysis, including annual financial statements, accounting policies, and applicable Sharia guidelines. The findings reveal that PT Bank Aceh Syariah employs various accounting methods to manage fixed assets, including selecting depreciation methods and revaluation, focusing on consistency and compliance with Sharia principles in financial reporting. The implications of this study provide a better understanding of accounting practices in the Islamic banking sector and offer recommendations for improving accounting practices to enhance transparency and the reliability of financial information.

KEYWORDS

Fixed assets; accounting treatment; financial statements; Islamic banking

CITATION (APA 7TH)

Mardiansyah, J., Rozatunnisa, Rangkuti, S. R., & Saifrizal, M. (2024). Evaluation of fixed asset accounting practices in PT Bank Aceh Syariah's financial statements. *Review of Business and Accounting Research*, 1(3), 157–174. <https://doi.org/10.62941/rbar.v1i3.110>

1. Introduction

In today's modern era, banking is very important for the economic progress of a country. Banking institutions are at the core of a country's economy and have become an important instrument in facilitating the development of a country. This is because the role of banking in advancing a country is enormous. Almost all sectors that are related to various financial activities will need banks as intermediaries, whether they are individuals, institutions, or companies (Mutia et al., 2017).

Bank Aceh Syariah is the only regional bank that serves to improve the economy of the community, especially in Aceh. Bank Aceh is headquartered in the city of Banda Aceh. Bank Aceh was established in 1973 under the name PT Bank Pembangunan Daerah Aceh. To expand its market share and accommodate the needs of segments of society that

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were not yet served by conventional banks, particularly those related to religious beliefs, and supported by Law No. 7 of 1997 concerning Banking, which was later refined by Law No. 10 of 1998, which opened up opportunities for National Banks to establish Sharia Banks and branches of conventional banks, on December 28, 2001, BPD Aceh established a Sharia Business Unit with Board of Directors Decree No.047/DIR/SDM/XII/2001.

With the issuance of a license to open an Islamic branch office from Bank Indonesia No. 6/4/DPBS/BNA on October 19, 2004, the Aceh Regional Bank Islamic Branch was opened in Banda Aceh, located at Jl. Tentara Pelajar Banda Aceh, which was inaugurated on November 5, 2004.

Maintaining and developing a bank is not easy. Many important factors must be considered in order to run a bank well, including organizational factors, personnel, and others. The survival and success of a bank will be determined by the speed of reaction and accuracy of the strategies taken by the bank's leaders as well as the support of all members of the organization. The growth or development of a bank is often related to other parties who have an interest in the bank. Thus, with the development of banks, the role of accounting becomes increasingly important.

Accounting treatment is a means of bridging the gap between the leadership and other parties with an interest in the bank. Through the accounting process, financial reports are produced which are used to communicate the bank's financial resources or activities. In addition, accounting also functions as a tool for monitoring and securing the bank's assets.

One subclassification of assets owned by a company is fixed assets. Fixed assets are assets that can be physically seen, are relatively permanent in nature, and have a long useful life. These fixed assets are the most important part of a company in terms of their function, the amount of funds invested, and their supervision. Fixed assets have different characteristics from current assets. Controlled at the time of consumption, the control of fixed assets is carried out at the time of planning the acquisition of these assets. (Hery 2016)

Fixed assets hold an important position in banks because they require large amounts of capital and are tied up for extended periods. Because of this, fixed assets must receive adequate attention from management, and all accounting treatments of fixed assets must be in accordance with the Statement of Financial Accounting Standards, which are the basis/concepts that serve as guidelines for assessing, recording, and presenting the company's assets, liabilities, and capital from the balance sheet and determining the costs and revenues in the bank's profit and loss statement.

Accounting treatment of fixed assets is calculated from the time the assets are acquired until they are released or disposed of. In its application, companies are required

to adjust their fixed asset policies based on financial accounting standards. The recognition of fixed assets is discontinued from the balance sheet (a) when the assets are released, or (b) when no further benefits are found from their use or release. The Financial Accounting Standards Statement provides guidance on the definition, recognition, and presentation of fixed assets on the balance sheet (Martani, 2017).

Financial statements are the main objective of accounting, which contain quantitative financial information with other explanations regarding the bank's financial position at a certain point in time, business results during a certain period, and changes in the bank's financial position, which must be presented in accordance with generally accepted Financial Accounting Standards. Banks have generally invested part of their wealth in fixed assets as drivers of their operational activities.

Inappropriate accounting treatment of fixed assets or treatment that does not comply with Financial Accounting Standards will affect the presentation of financial statements. This means that fixed assets that are valued or recorded at too high a value will affect their depreciation value, which will be too high, resulting in profits that are too low. Conversely, if fixed assets are valued or recorded too low, the depreciation will also be too low, resulting in profits that are too high. This is what will affect the presentation of financial statements.

2. Literature review

2.1. Definition of accounting

According to Warren et al. (2019), accounting can be broadly defined as an information system that provides reports to stakeholders regarding the economic activities and condition of a company.

According to Sumarsan (2017), accounting is the art of collecting, identifying, classifying, and recording transactions and events related to finance, so as to produce information, namely financial reports that can be used by interested parties.

According to Effendi (2016), accounting is the process of identifying, measuring, recording, classifying, summarizing, and reporting financial information in monetary terms in a company or organization intended for interested parties in order to make decisions.

Based on the above expert definitions, it can be concluded that accounting is the art of collecting, identifying, classifying, and recording transactions and events related to finance, thereby producing information, namely financial reports that can be used by interested parties.

2.2. Definition of fixed assets

Fixed assets are company assets that have economic benefits for more than one year, have a physical form, and are acquired by the company to carry out company activities, and are not for resale. These assets have a physical form, so fixed assets are often referred to as tangible fixed assets (Mulyadi 2016)

Fixed assets are resources that have the following characteristics: they have a physical form, their shape and size are clear, they are used in the production or supply of goods or services, they are leased to other parties or for administrative purposes and are not for re-sale, they are long-term in nature and are subject to depreciation. These assets are also categorized as Property, Plant, and Equipment (PPE) (Setiyowati, 2016)

Fixed assets are assets owned by a company that can be used for more than one year. Fixed assets are tangible assets used in the company's operational activities that have material value and are not intended for sale to customers (Dewi 2017).

Furthermore, according to Rudianto (2015), fixed assets are tangible items owned by a company that are relatively permanent in nature and used in the company's normal activities, not for sale. Wild (2013) defines factory assets as tangible assets used in company operations that have a useful life of more than one accounting period. Meanwhile, according to Harahap (2018), fixed assets are assets that belong to the company and are used continuously in the company's activities of producing goods and services.

According to Warren (2019), fixed assets are long-term assets or assets that are relatively permanent in nature, such as equipment, machinery, buildings, and land. The definition of fixed assets according to PSAK 16 (2011) is tangible assets owned for the purpose of use in the production and provision of goods or services to be rented to other parties, as well as for administrative purposes, and are expected to be used for more than one period.

3. Research methodology

3.1. Research approach

The research approach used is a descriptive research approach, which is a method where data is collected, compiled, interpreted, and analyzed to provide an overview of a particular situation so that conclusions can be drawn. According to Sugiyono (2016), the purpose of descriptive research is to make a systematic, factual, and accurate description of the facts and characteristics of a particular population or area.

The type of research used is qualitative. Qualitative research is research that aims to understand the phenomena experienced by the research subjects holistically, and by

means of description in words and language, in a specific natural context and using various scientific methods (Sugiyono, 2016).

This qualitative descriptive research is non-hypothesis research, so there is no need to formulate a hypothesis in the research steps. This research evaluates the Budget Realization Report at the Bireuen District Social Service, beginning with a comparative analysis of the research object with accounting policies, then attempting to adjust and combine several elements related to regional expenditure in the budget realization report.

3.2. Research sample

Samples in qualitative research are not called respondents, but rather informants or participants. In qualitative research, data sources are selected using purposive sampling. The determination of the data source sample is still temporary and will develop later after the researcher is in the field. Samples in qualitative research are also not called statistical samples, but theoretical samples, because the purpose of qualitative research is to produce theory. The research departs from a specific population, but due to limitations in manpower, funds, time, and ideas, the researcher uses samples as objects of study or as data sources.

Random sampling is used. Based on the data from the sample, it is then generalized to the population from which the sample was taken. The determination of data sources for the interviewees is done purposively, i.e., selected with specific considerations and objectives. The data source sample for this study consists of the finance and fixed asset accounting staff at PT. Bank Aceh Syariah.

4. Results

4.1. Qualitative research data analysis

4.1.1. Types of fixed assets at Bank Aceh Syariah

Fixed assets are properties that are generally owned by every company in carrying out business activities. This type of asset is long-term in nature, so it is certain that it will not be auctioned in the near future. Fixed assets are defined as tangible assets that have physical substance and are used for the normal operations of an entity, have an economic life of more than one year, are not used for investment activities, and will not be converted into cash in one operating cycle.

The characteristics of fixed assets are that they are physical in nature and are recorded on the balance sheet as property and equipment assets. These properties are used for production activities. Among other things, they can be depreciated, which means that fixed assets are a type of asset that can experience depreciation. This describes the wear

and tear and also the rate of depreciation when the asset is used. Next, they can provide long-term financial benefits, meaning that fixed assets are a type of wealth that companies use to produce goods and generate large profits. These goods are not sold to customers but are stored for investment purposes.

Bank Aceh Syariah classifies types of fixed assets into several groups. The following are some of the assets owned and used in operational activities at Bank Aceh Syariah, including:

1. Buildings - Buildings are places used by companies to run their businesses. The buildings owned and used by Bank Aceh Syariah are freehold properties. Buildings include all buildings and structures acquired for use in government operations and are in ready-to-use condition.
2. Motor vehicles - Vehicles are fixed assets used as means of transportation or as service providers, such as trucks, cars, and motorcycles.
3. Office equipment - Office equipment is an asset used by the company in the production process or service provision.

The fixed assets owned by a company are very diverse. To distinguish between other assets and fixed assets, it is necessary to classify fixed assets according to their type, benefit, and group so that they are not mixed with other assets. Fixed asset accounting is very important for the validity of financial statements. Errors in assessing fixed assets can result in material errors because the value of investments in fixed assets is relatively large. Therefore, their treatment must be based on Financial Accounting Standards (PSAK No. 16) and applied consistently from one period to the next.

4.1.2. Treatment of fixed assets at Bank Aceh Syariah.

Bank Aceh Syariah, in carrying out its daily operational activities, must be supported by fixed asset accounting standards. It is impossible for a company to carry out operational activities without the support of fixed assets. This is because the existence of fixed assets enables the company to achieve its objectives of earning profits and increasing the value of the company. The company's fixed assets usually consist of land, buildings, equipment, supplies, and vehicles.

Fixed assets reported in financial statements refer to Financial Accounting Standards (PSAK) No. 16, effective January 1, 2018. According to this PSAK, fixed assets are tangible assets owned for use in the production or provision of goods and services, for rental to other parties, or for administrative purposes, and are expected to be used for more than one period.

The Bank applies PSAK No. 16, "Fixed Assets," and ISAK No. 25, "Land Rights." PSAK No. 16 on Fixed Assets. This amendment clarifies that in PSAK No. 16 and PSAK No. 19,

assets can be revalued by referring to observable market data against the gross or net carrying amount. Accumulated depreciation or amortization is the difference between the gross carrying amount and the carrying amount of the asset. The carrying amount of the asset is restated at its revalued amount.

ISAK 25 stipulates that the costs of legal rights to land in the form of Cultivation Rights ("HGU"), Building Rights ("HGB") and Use Rights ("HP") when the land is first acquired are recognized as part of the acquisition cost of the land in the "Fixed Assets" account and are not amortized. Fixed assets are initially recognized at acquisition cost, which consists of the purchase price and additional costs that can be directly attributed to bringing the asset to its location and condition so that it is ready for use in accordance with management's intent.

The accounting treatment of fixed assets at Bank Aceh Syariah is the recognition, measurement, acquisition, and depreciation as well as the reporting and presentation of fixed assets. The accounting treatment of fixed assets can be described as follows.

4.1.3. Recognition of fixed assets at Bank Aceh Syariah

Fixed assets are initially recognized at acquisition cost, which consists of the purchase price and additional costs that can be directly attributed to bringing the asset to its intended location and condition so that it is ready for use in accordance with management's intentions. The Bank uses the cost model for measurement after initial recognition. Fixed assets are recorded at acquisition cost less accumulated depreciation and accumulated impairment losses. Fixed assets acquired in an exchange of non-monetary assets or a combination of monetary and non-monetary assets are measured at fair value, except:

- (1) The exchange transaction lacks commercial substance, or
- (2) The fair value of the assets received and transferred cannot be reliably measured.

The recognition of fixed assets at Bank Aceh Syariah is in accordance with PSAK Number 16 concerning fixed assets because it meets the first criterion, namely that when the company acquires a fixed asset, the company has realized its economic benefits. The company has a policy to determine expenses after initial recognition, which include capital expenditures such as expenses for the maintenance of fixed assets. These costs are recognized in the income statement under operating expenses other than interest expenses. This means that Bank Aceh Syariah has applied fixed asset accounting in accordance with PSAK No. 16 on fixed assets.

4.1.4. Measurement of fixed assets at Bank Aceh Syariah.

Fixed assets are assets purchased as investments for business continuity. Effective November 1, 2014, the Bank changed its accounting policy from the cost method to the revaluation method. The Bank revalued all of its fixed assets using the services of an external independent appraiser registered with the Financial Services Authority (OJK).

The valuation methodology used by the Bank in the revaluation method is the market data approach. The increase in recorded value arising from the revaluation of fixed assets is credited to "revaluation surplus on fixed assets" as part of other comprehensive income. Decreases that eliminate the previous increase in value of the same assets are charged to "revaluation surplus on fixed assets" as part of comprehensive income; other decreases are charged to the income statement and other comprehensive income.

The presentation of fixed asset revaluation is carried out by eliminating the accumulated depreciation on the revaluation date from the gross carrying amount of the asset and restating the net amount as the amount of the asset revaluation. The accumulated depreciation and acquisition cost are increased proportionally so that the net asset value is equal to the revaluation amount. Each reporting period, the difference between depreciation based on the revalued asset recognized in the income statement and other comprehensive income and the depreciation of the initial acquisition price of the asset is transferred from "revaluation surplus on fixed assets" to "profit balance".

Based on PSAK 16 paragraphs 11-14, the initial acquisition cost and subsequent costs are as follows:

1. Initial Acquisition Costs. Fixed assets may be acquired for safety or environmental reasons. The acquisition of such fixed assets, although not directly increasing the future economic benefits of existing fixed assets, may be necessary for the entity to obtain future economic benefits from other assets.
2. Subsequent Costs. In accordance with the recognition principle in paragraph 07, an entity does not recognize the daily maintenance costs of fixed assets as part of those fixed assets. Instead, these costs are recognized in profit or loss when incurred. Daily maintenance costs mainly consist of labor costs and consumables, including small spare parts. The purpose of these expenditures is often described as "repair and maintenance" of fixed assets.

Measurement at Recognition Fixed assets are a component of acquisition costs according to PSAK No. 16 paragraph 16, which includes: a) The acquisition price, including import duties and non-creditable purchase taxes, after deducting discounts and other deductions. b) Any costs that can be directly attributed to bringing the asset to its location and condition so that it is ready for use in accordance with management's intentions.

Measurement Method After Recognition Fixed assets are costs after acquisition based on PSAK 16 paragraphs 30-31, which recognize two methods in the accounting treatment of fixed assets. These two methods are:

1. Cost Method.

The cost model is the model we are familiar with, whereby after initial recognition, fixed assets are recorded at acquisition cost less accumulated depreciation and accumulated impairment losses.

2. Revaluation Method.

After recognition as an asset, fixed assets whose fair value can be reliably measured are recorded at their revalued amount, which is the fair value on the revaluation date less accumulated depreciation and accumulated impairment losses after the revaluation date.

Bank Aceh Syariah uses the revaluation measurement method as part of its accounting standards based on PSAK No. 16 paragraph 55, which states that depreciation of an asset begins when the asset is ready for use, i.e., when the asset is in the location and condition necessary for it to be ready for use in accordance with management's intention. Bank Aceh Syariah measures fixed assets based on revaluation value with changes in fair value recognized in other comprehensive income and reported in equity. The bank uses independent appraisers to determine the fair value of fixed assets as of December 31, 2021, and 2022. The measurement of fixed assets at Bank Aceh Syariah can be seen in the Table 1.

Table 1. Fixed asset calculation of PT. Bank Aceh Syariah for the year 2021

Calculation of fixed Assets	Beginning Balance	Additions	Disposals	Reclassification	Ending balance
Price Acquisition					
Land	102,152,025,367	-	-	-	102,152,025,367
Building	175,214,957,572	62,240,000	-	-	175,277,197,572
Government housing	-	-	-	-	-
Motor vehicles	44,633,751,754	4,602,427,000	(2,894,150,000)	-	46,342,028,754
Office Inventory	280,075,920,710	19,957,752,510	(2,534,221,890)	(35,102,654,235)	262,396,797,095
Computers and Information Systems	-	3,545,680,750	-	35,102,654,235	38,648,334,985
Library	431,834,256	-	-	-	431,834,256
Total	602,508,489,659	28,168,100,260	(5,428,371,890)	-	625,248,218,029
Accumulated Depreciation					
Buildings	(62,645,972,670)	(8,313,575,965)	-	6,614,665	(70,952,933,970)
Government housing	-	-	-	-	-
Motor vehicles	(25,659,777,915)	- (340,793,868)	1,757,940,311	(3,804,902,226)	(28,047,533,698)
Office Inventory	(232,408,547,13)	(22,859,717,660)	1,578,100,007	5,922,401,065	(217,767,763,718)

Computers and Information Systems	-	(677,536,313)	-	32,124,113,504	(32,801,649,817)
Library	(431,834,183)	-	-	-	(431,834,183)
Total	(321,146,131,898)	(32,191,623,806)	3,336,040,318		(350,001,715,386)
Book Value	281,362,357,761				275,246,502,643

Source: PT. Bank Aceh Syariah

Based on the calculation of fixed assets at Bank Aceh Syariah in 2021, we can explain that the land owned by Bank Aceh Syariah with an acquisition price of IDR 102,152,025,367, without any additions or deductions, the final balance of Bank Aceh Syariah's land assets is IDR 102,152,025,367. Then, Bank Aceh Syariah's building assets were acquired at a price of IDR 175,214,957,572 and experienced an increase of IDR 62,240,000, so that the final balance of Bank Aceh Syariah's building assets was IDR 175,277,197,572. Furthermore, Bank Aceh Syariah's motor vehicle assets had a final balance of Rp. 46,342,028,754. Bank Aceh Syariah's office inventory had a final balance of Rp. 262,396,797,095.

Then, the final balance of computer and information system assets at Bank Aceh Syariah is Rp. 38,648,334,985. Finally, the final balance of library fixed assets at Bank Aceh Syariah is Rp. 431,834,256. Thus, the total fixed assets at Bank Aceh Syariah before accumulated depreciation is Rp. 625,248,218,029. After calculating the accumulated depreciation of fixed assets, it can be explained that Bank Aceh Syariah has a book value of fixed assets of Rp. 275,246,502,643.

The measurement of fixed assets at Bank Aceh Syariah in 2022 presented in Table 2.

Table 2. Fixed asset calculation of PT. Bank Aceh Syariah, 2022

Fixed Asset Calculation	Opening balance/ Beginning	Additions/ Additional	Disposals	Reclassification	Ending balance
Acquisition Cost					
Land	102,152,025,367	620,070,000	-	-	102,772,095,367
Buildings	175,277,197,572	86,460,000	-	-	175,363,657,572
Government housing	-	-	-	-	-
Motor vehicles	46,342,028,754	3,030,938,399	(7,189,173,972)	-	42,183,793,181
Office Inventory	262,396,797,095	28,255,450,716	-	-	290,652,247,811
Computers and Information Systems	38,648,334,985	11,047,915,569	-	-	49,696,250,554
Library	431,834,256	-	-	-	431,834,256
TOTAL	625,248,218,029	43,040,834,684	(7,189,173,972)	-	661,099,878,741
Accumulated Depreciation					
Buildings	(70,952,933,970)	(8,228,955,433)	-	-	(79,181,889,403)
Government housing	-	-	-	-	-
Motor vehicles	(28,047,533,698)	(4,081,733,815)	7,191,351,940	-	(24,937,915,573)
Office Inventory	(217,767,763,718)	(18,740,217,556)	-	-	(236,507,981,274)

Computers and Information Systems	(32,801,649,817)	(4,177,112,715)	-	-	(36,978,762,532)
Library	(431,834,183)	-	-	-	(431,834,183)
TOTAL	(350,001,715,386)	(35,228,019,519)	7,191,351,940		(378,038,382,965)
Book Value	275,246,502,643				283,061,495,776

Source: PT. Bank Aceh Syariah (2024)

Based on the calculation of fixed assets at Bank Aceh Syariah in 2022, we can explain that the land owned by Bank Aceh Syariah has a closing balance of IDR 102,152,025,367 without any additions or deductions. Bank Aceh Syariah's building assets were acquired at a price of IDR 175,214,957,572 and increased by IDR 86,460,000, bringing the closing balance of Bank Aceh Syariah's building assets to IDR 175,363,657,572. Furthermore, Bank Aceh Syariah's motor vehicle assets had a final balance of Rp. 42,183,793,181. Bank Aceh Syariah's office inventory had a final balance of Rp. 290,652,247,811.

Then, the final balance of computer and information system assets at Bank Aceh Syariah is Rp. 49,696,250,554. Finally, the final balance of library fixed assets at Bank Aceh Syariah is Rp. 431,834,256. Thus, the total fixed assets at Bank Aceh Syariah before accumulated depreciation is Rp. 661,099,878,741. After calculating the accumulated depreciation of fixed assets, it can be explained that Bank Aceh Syariah has a book value of fixed assets of Rp. 283,061,495,776.

Fixed assets are revalued annually or on a regular basis to ensure that the recorded amount does not differ materially from the amount determined using fair value at the end of the reporting period, and if a fixed asset is revalued, all fixed assets in the same class are revalued. Fixed assets acquired in exchange for non-monetary assets or a combination of monetary and non-monetary assets are measured at fair value. The book value of fixed assets after deducting accumulated depreciation in 2022 is IDR 283,061,495,776, an increase of 2.17% from 2021 with a book value of IDR 275,246,502,643.

4.1.5. Acquisition of fixed assets at Bank Aceh Syariah

The acquisition of fixed assets at Bank Aceh Syariah is carried out through the purchase of fixed assets, starting with the instruction to create a memo requesting the necessary assets by the operational service manager (Damayanti et al., 2024). The approved asset request memo is submitted to the branch manager for processing and follow-up, then forwarded to the relevant director, who will process and implement it through the general division of the head office. When the assets are received by Bank Aceh Syariah, the recognition and recording of the acquisition of these assets can be carried out. At Bank Aceh Syariah, fixed assets are recognized at their acquisition cost. All costs incurred to obtain fixed assets are charged directly as the acquisition cost by Bank Aceh Syariah.

According to PSAK No. 16 Paragraph 23, effective January 1, 2018, the acquisition cost of fixed assets is equivalent to the cash price on the date of recognition. If payment is deferred beyond the normal credit period, the difference between the cash price and the total payment is recognized as interest expense over the credit period unless the interest expense is capitalized in accordance with PSAK 26: Borrowing Costs.

According to PSAK No. 16 Paragraphs 15-16, fixed assets that qualify for recognition as assets are measured at acquisition cost. The acquisition cost of fixed assets includes:

- a) Its acquisition price, including import duties and non-creditable purchase taxes, less discounts and other deductions.
- b) Any costs that can be directly attributed to bringing the asset to its location and condition so that it is ready for use in accordance with management's intention.
- c) Initial estimates of the costs of dismantling and removing fixed assets and restoring the location of fixed assets.

4.1.6. Depreciation of fixed assets at Bank Aceh Syariah.

Bank Aceh Syariah uses the straight-line method to depreciate its fixed assets. Financial Accounting Standards stipulate that the depreciation method used must be consistent with previous periods. In accordance with the 'asset' depreciation method applied, the depreciation elements that affect the depreciation valuation of an asset are the acquisition price of the asset and the economic life of the asset. There is one other factor in depreciation that affects the depreciation expense besides the acquisition price and economic life of the asset, namely the residual value (remaining value).

At Bank Aceh Syariah, all of the company's fixed assets are declared to have no residual value. Bank Aceh Syariah's records are kept using a computerized system, so that the operations service department only inputs the data to be submitted to the accounting department at the office, after which the accounting department only needs to enter the necessary data to obtain the calculation results. Depreciation expense is recorded at the end of the period, and one depreciation period at Bank Aceh Syariah is one month.

Depreciation of fixed assets begins when the asset is ready for use and is calculated using the straight-line method based on the estimated economic useful life, as follows:

- | | |
|-----------------------------|-------------|
| 1. Buildings | 10-20 years |
| 2. Motor vehicles | 4-8 years |
| 3. Institutional housing | 4-8 years |
| 4. Office equipment repairs | 4 years |

The economic useful life, residual value, and depreciation method are analyzed at the end of each year, and the effect of any changes in these estimates is applied

prospectively. Bank management estimates the useful life of fixed assets based on the period during which the assets are expected to be available for use. The economic useful life of fixed assets is reviewed periodically and updated if there are expectations that differ from previous estimates, due to physical and technical damage or commercial and legal obsolescence or other restrictions on the use of the asset. In addition, estimates of the useful life of fixed assets are based on collective assessments using industry practices, internal evaluation techniques and experience with similar assets.

It is still possible, however, that future results could be materially affected by changes in estimates due to changes in the above factors. The amount and timing of expense recognition for each period will be affected by changes in factors and circumstances at the time of recognition. A reduction in the estimated useful life of a fixed asset will increase operating expenses.

Land is stated at acquisition cost and is not depreciated. Construction in progress is recorded at acquisition cost, which includes the capitalization of borrowing charges and other costs incurred in connection with the financing of the fixed asset under construction (Elidar et al., 2020). The accumulated acquisition cost is reclassified to the related "Fixed Assets" account when the fixed asset is completed. Post-acquisition costs are included in the carrying amount of the asset and recognized separately, only if it is probable that the capitalized costs will provide economic benefits to the company and can be measured reliably. The carrying amount of the replaced component is derecognized.

The depreciation expense for fixed assets at Bank Aceh Syariah for the 2021-2022 period can be seen in Table 3.

Table 3. Depreciation expenses for fixed assets of Bank Aceh Syariah, 2021-2022

Account: General and Administrative Expenses (Note No. 40)		
	2022	2021
Goods and Services Expense	184,614,083,408	168,638,884,358
Insurance premium expenses	75,525,381,851	67,219,315,521
Rental expenses	54,628,987,859	49,818,082,833
Fixed asset depreciation expense	35,228,019,518	32,191,623,806
Fixed asset maintenance expense	28,566,520,949	24,156,293,180
Promotional expenses	13,692,711,723	14,033,479,664
Tax expense	12,413,679,718	11,221,600,622
Intangible asset depreciation expense	1,043,509,465	1,338,425,613
Total	405,712,894,490	368,617,705,597

Source: Income Statement of PT. Bank Aceh Syariah (2024)

Based on the financial statements, it can be concluded that the depreciation expense for PT. Bank Aceh Syariah is as follows:

Year 2021 Rp. 32,191,623,806

Year 2022 IDR 35,228,019,519

Based on a letter issued by PT. Bank Aceh Syariah No. 466/Dum.01/II/2017 dated February 1, 2017, addressed to the Regional Secretary of Aceh Province and the Governor of Aceh regarding confirmation of the status of land registration covering an area of 3,365m² located at Jl. Tgk. HM Daud Beureueh No. 24, Kuta Alam District, Banda Aceh, The letter was responded to by the Aceh Financial Management Agency of the Aceh Government as stated in letter No. 590/275/2017 dated February 22, 2017, and a letter from the Governor of Aceh No. 590/3132 dated October 20, 2017, explaining that the land in question is no longer recorded in the Aceh Government Property Inventory Book.

Fixed assets are insured against fire and other risks with coverage values as of December 31, 2021 and 2022 amounting to Rp 401,163,659,000 and Rp 360,993,659,000, respectively. Management believes that these amounts are sufficient to cover the possibility of impairment losses on insured assets.

Maintenance and repair expenses are charged to the income statement and other comprehensive income when incurred. Other costs incurred subsequently to add, replace, or repair fixed assets are recorded as asset acquisition costs, if and only if it is probable that future economic benefits associated with the asset will flow to the entity and the asset acquisition costs can be measured reliably. Fixed assets that are no longer in use or that have been sold are removed from the fixed asset group along with their accumulated depreciation. Gains or losses from the sale of fixed assets are recorded in the income statement and other comprehensive income. Based on the bank management's review, there are no indications of impairment of the assets owned by the Bank.

4.1.7. Presentation and reporting of fixed assets at Bank Aceh Syariah

After the fixed assets have been assessed and recorded, they must then be reported in the statement of financial position (balance sheet) and income statement. The position of fixed assets is recorded in the balance sheet, because fixed assets are company assets that are considered material in amount. Fixed assets are reported at the accumulated value of all fixed assets less depreciation per period and are presented on the asset side of fixed assets and office inventory.

In presenting fixed assets in the financial position report, the company does not present the components of fixed assets separately. The total fixed assets and accumulated depreciation of all fixed assets are combined into one value. Therefore, the value of each fixed asset cannot be seen directly. The following is the reporting of fixed assets in the financial position report of Bank Aceh Syariah for 2021-2022. Based on

Bank Aceh Syariah's financial position report, it can be explained that Fixed Assets after deducting accumulated depreciation in 2022 amounted to IDR 283,061,495,775, an increase from IDR 275,246,502,643 in 2021. Then, the total assets of PT. Bank Aceh Syariah in 2021 amounted to Rp. 28,767,096,914,052, while the total assets of PT. Bank Aceh Syariah in 2022 amounted to Rp. 28,170,825,805,198.

Table 4. Financial Position Report of PT. Bank Aceh Syariah 2021-2022

Financial Position Report	December 31 2022	December 31 2021
Assets		
Cash	2,188,578,187,639	2,053,212,386,147
Current account at Bank Indonesia	2,253,635,371,619	1,375,541,297,478
Checking accounts at other banks	11,307,957,681	42,846,869,655
Deposits at Bank Indonesia and other banks	1,700,000,000	2,407,305,000,000
Securities	6,304,570,616,022	5,394,689,659,036
Receivables		
Murabahah	12,515,635,805,667	13,701,293,095,317
Mudharabah Financing	94,878,999,005	-
Musyarakah Financing	4,382,712,924,697	2,306,851,857,482
Qardh Loans	165,127,297,338	110,327,023,177
Rental Receivables	38,330,887	-
Ijarah Assets	3,890,592,709	2,673,220,179
Participation	12,500,000,000	-
Fixed Assets-after deducting accumulated depreciation	283,061,495,775	275,246,502,643
Intangible assets	29,835,717	1,069,345,182
Deferred tax assets	219,897,729,282	210,328,843,510
Other assets	329,587,843,502	289,440,705,392
Total Assets	28,767,096,914,052	28,170,825,805,198

Source: Financial Position Report of PT. Bank Aceh Syariah

5. Discussion

Bank Aceh is here to serve the people and realize its commitment to enhancing its role as an agent of development and supporting the regional economy. The various breakthroughs and innovations made are a commitment by all Bank Aceh employees to realize mutually beneficial partnerships and serve the people wholeheartedly. Like flowers and bees, which are living creatures that benefit each other, they live in a symbiotic mutualistic relationship.

Bank Aceh, as the pride of the Acehnese people, has successfully transformed itself by laying the sharia foundation to serve the community professionally in banking

activities. In order to strengthen its existence and capabilities in supporting development and as a driver of the regional economy, all Bank Aceh personnel act as servants and strategic partners for the community and business actors.

Bank Aceh Syariah always prioritizes the welfare of the community, and the continuity of the Annual Report theme is very important to demonstrate the Vision and Mission as well as the consistency of the Annual Report and describe the company's performance and the extent of the company's efforts in achieving positive results. Bank Aceh continues to make improvements in running its business, which is not only required to generate commercial profits but also to apply sharia values.

In conducting its business activities based on sharia principles, Bank Aceh continues to strive to provide products and services that are needed by the community in accordance with the sharia principles applicable in Indonesia. The economic activities of the community are conducted in accordance with Islamic principles, in order to avoid practices that are prohibited in Islam and can have a negative impact on the community. The development of these products aims to improve the economy of the community and the region in order to synergize and strengthen the economy of the community (Mutia et al., 2017).

Bank Aceh recognizes and is determined to continue making a real contribution to economic and community development, as well as environmental preservation in Aceh, in line with the principles of sustainable finance and sustainable development goals. Bank Aceh realizes this by undertaking various synergistic and innovative efforts that can accelerate the achievement of the Company's best performance. At the same time, it creates a more resilient, competitive, and contributory bank towards sustainability (Ulfa et al., 2024).

Bank Aceh Syariah, in carrying out its daily operational activities, must be supported by generally accepted accounting standards, including the treatment of fixed assets. Fixed asset accounting is very important for the reliability of financial statements. Errors in valuing fixed assets can result in material errors because the value of investments in fixed assets is relatively large. Therefore, their treatment must be based on the Indonesian Financial Accounting Standards, Financial Accounting Standards (PSAK No. 16) and applied consistently from one period to the next.

Bank Aceh Syariah applies PSAK No. 16, "Fixed Assets," and ISAK No. 25, "Land Rights." PSAK No. 16 on Fixed Assets. This adjustment clarifies that in PSAK No. 16 and PSAK No. 19, assets can be revalued by referring to observable market data against the gross or net carrying amount. Accumulated depreciation or amortization is the difference between the gross carrying amount and the carrying amount of the asset. The carrying amount of the asset is restated at its revalued amount. The accounting

treatment of fixed assets at Bank Aceh Syariah is the recognition, measurement, acquisition, and depreciation as well as the reporting and presentation of fixed assets.

Based on Bank Aceh Syariah's financial position report, it can be explained that Fixed Assets after deducting accumulated depreciation in 2022 amounted to IDR 283,061,495,775, an increase from IDR 275,246,502,643 in 2021. Then, the total assets of PT. Bank Aceh Syariah in 2021 amounted to Rp. 28,767,096,914,052, while the total assets of PT. Bank Aceh Syariah in 2022 amounted to Rp. 28,170,825,805,198.

6. Conclusion

Based on the results of the data analysis, several conclusions can be drawn. Bank Aceh Syariah has implemented generally accepted accounting standards in carrying out its daily operations, particularly in the treatment of fixed assets. The accounting practices applied by the bank cover the processes of recognition, measurement, acquisition, depreciation, as well as reporting and presentation of fixed assets, all of which are in accordance with PSAK No. 16 (Revised 2015) on fixed assets. The bank consistently applies the straight-line method in calculating depreciation, as required by Financial Accounting Standards, which emphasize the need for consistency across reporting periods. The main factors that influence the assessment of asset depreciation include the acquisition cost and the estimated economic life of the assets.

In general, the value of Bank Aceh Syariah's fixed assets shows an increasing trend after deducting accumulated depreciation, indicating effective management and compliance with applicable accounting standards. This condition reflects the bank's commitment to maintaining transparency, accountability, and consistency in its financial reporting practices.

Conflict of interest

The authors declare that there are no conflicts of interest regarding this publication.

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