

Analysis of Fixed Asset Calculation and Management within the Acquisition and Payment Cycle at Kevz Cell

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Abstract: Fixed asset management is an important component of financial reporting for micro and small enterprises, yet systematic recognition, documentation, and depreciation practices remain limited in many businesses. This study aims to analyze the acquisition and payment cycle of fixed assets at Kevz Cell and evaluate its asset management practices against PSAK 16, SAK EMKM, and PMK No. 96/PMK.03/2009. A descriptive qualitative approach was employed, using interviews, observation, and documentation as the primary data collection techniques. The data were analyzed through data reduction, data presentation, and conclusion verification, supported by source and theoretical triangulation. The findings reveal that fixed asset acquisitions at Kevz Cell are conducted through cash payments following price surveys and negotiations; however, purchase receipts are not systematically retained. Consequently, the assets are currently valued based on the owner's subjective estimates rather than verifiable historical acquisition costs. The study also finds that depreciation has never been formally recognized, resulting in an overstatement of reported operating profit. A straight-line depreciation simulation indicates that the estimated accumulated depreciation through 2026 would amount to IDR 101.15 million, reducing the estimated carrying amount of depreciable fixed assets to IDR 120 million. For 2026, the appropriate depreciation expense is estimated at IDR 10.05 million, primarily attributable to the building and fan. These findings demonstrate a substantial gap between current practices and applicable accounting standards. Strengthening transaction documentation, fixed asset registers, and systematic depreciation procedures is therefore essential to improve financial information reliability and support more informed business decisions.

Keywords: fixed assets; depreciation; acquisition cycle; MSMEs; SAK EMKM; PSAK 16.

1. Introduction

Micro, small, and medium enterprises (MSMEs) constitute an important component of economic activity in developing economies, including Indonesia. Beyond their contribution to employment and household income, MSMEs also function as a mechanism for local economic development and entrepreneurial activity. However, the economic importance of MSMEs is not always accompanied by adequate financial management capabilities. One of the recurring challenges is the preparation of reliable financial information, particularly in relation to asset recognition, measurement, depreciation, and reporting. Previous research has demonstrated that accounting understanding and work experience are associated with the quality of financial statements prepared by MSMEs, indicating that limitations in accounting knowledge can affect the reliability of information used for business decisions (Najifaturrahmi & Aisyah, 2023).

Financial information is particularly important for MSMEs because business owners frequently make operational and investment decisions based on information generated from their own accounting records. Inadequate accounting records may result in an inaccurate assessment of profitability, asset position, business performance, and future financing requirements. Putri et al. (2023), for example, found that an MSME could operate for a considerable period while still being unable to prepare financial statements in accordance with SAK EMKM. Their findings demonstrate that the existence of business activity does not necessarily imply the existence of adequate accounting practices. Therefore, strengthening accounting practices at the MSME level is not merely a compliance issue but also an important component of improving managerial decision-making.

One area that requires particular attention is fixed asset management. Fixed assets represent resources used in business operations for more than one accounting period, including buildings, equipment, furniture, machinery, and other operational facilities. Unlike inventories that are generally consumed or sold during normal business activities, fixed assets provide economic benefits over several periods. Consequently, inappropriate recognition and measurement of fixed assets can affect both the

statement of financial position and the measurement of profit over time. The accounting treatment of fixed assets involves several interconnected stages, including acquisition, initial recognition, measurement, depreciation, maintenance, and eventual disposal.

The acquisition and payment cycle is an important starting point in fixed asset management. The process generally involves identifying the need for an asset, selecting suppliers, negotiating prices, purchasing the asset, making payment, documenting the transaction, and subsequently recording the asset in the accounting system. Proper documentation at the acquisition stage is particularly important because the acquisition cost becomes the basis for subsequent accounting treatment. When invoices, receipts, or other supporting documents are unavailable, the entity may experience difficulties in determining the original acquisition cost and verifying the existence and ownership of the asset. This problem is particularly relevant for micro-scale businesses where cash transactions and informal record-keeping practices remain common.

The importance of appropriate fixed asset accounting is reflected in SAK EMKM, which provides a simplified financial reporting framework for micro, small, and medium entities. The standard provides specific guidance concerning the recognition and measurement of fixed assets, including the treatment of directly attributable costs associated with bringing an asset to the location and condition necessary for its intended use. The Indonesian Accounting Standards Board's SAK EMKM guidance also provides examples of fixed asset acquisition and subsequent measurement, demonstrating the importance of establishing an appropriate acquisition cost as the basis for accounting treatment.

Depreciation represents another critical component of fixed asset accounting. Depreciation is not simply a reduction in the physical condition of an asset; rather, it represents the systematic allocation of the depreciable amount of an asset over its useful life. Consequently, failure to recognize depreciation can result in an inappropriate allocation of expenses across accounting periods. In practical terms, an enterprise that does not recognize depreciation may report a higher accounting profit than would otherwise be reported if the consumption of the asset's economic benefits were properly recognized. Recent research on fixed asset accounting has similarly demonstrated that differences between actual depreciation practices and applicable accounting standards can produce significant discrepancies in reported asset values (Sari et al., 2025).

The selection and application of a depreciation method are also important. The straight-line method provides a relatively simple mechanism for allocating an asset's depreciable amount systematically over its useful life. For MSMEs with relatively simple operating structures and limited accounting resources, a straightforward depreciation system may provide a practical starting point for improving financial reporting. However, the method should still be applied consistently and based on an appropriate assessment of the asset's useful life, residual value, and date when the asset is available for use. Research on fixed asset accounting has emphasized that depreciation is a systematic allocation process and that the selection of an appropriate depreciation method is essential for presenting reliable accounting information (Hanum & Lubis, 2023).

The issue becomes more complex when an enterprise uses current estimated values rather than documented historical acquisition costs. An owner's subjective assessment of the "current value" of an asset may be useful for informal business purposes, but it cannot automatically substitute for the acquisition cost required as the basis of financial accounting. Current estimates may be influenced by physical condition, market perceptions, age, or the owner's personal judgment. Without supporting documentation, it becomes difficult to distinguish between acquisition cost, carrying amount, fair value, and replacement value. Such ambiguity can reduce the comparability and reliability of financial information.

This problem is particularly relevant to micro enterprises because fixed assets may constitute a substantial proportion of total business resources. In a small retail or service business, assets such as

buildings, display cabinets, electronic payment devices, furniture, computers, security equipment, and other operational equipment may support daily transactions for several years. Although the business owner may focus primarily on cash inflows and outflows, the economic consumption of fixed assets continues even when no cash payment occurs during the accounting period. Consequently, ignoring depreciation may create a discrepancy between cash-based perceptions of profitability and accounting-based measurements of business performance.

Existing empirical research has generally examined fixed asset accounting from the perspective of corporate accounting compliance or financial statement preparation. For example, Sari et al. (2025) examined the implementation of fixed asset accounting in a large Indonesian enterprise and identified differences between the company's depreciation practices and the applicable accounting requirements. Hanum and Lubis (2023) similarly examined fixed asset accounting and depreciation methods and emphasized the role of fixed asset information in managerial decision-making. Meanwhile, studies focusing on MSMEs have frequently addressed broader financial reporting problems, accounting understanding, and the implementation of SAK EMKM rather than examining the acquisition and payment cycle of fixed assets as an integrated process (Najifaturrahmi & Aisyah, 2023; Putri et al., 2023).

This creates an important research gap. There is still limited case-based evidence explaining how the acquisition and payment process, transaction documentation, asset valuation, depreciation practices, and accounting-standard compliance interact within a micro-scale business. In particular, empirical evidence is needed regarding situations in which assets are acquired through cash transactions, supporting documents are not retained, and asset values are subsequently determined through subjective estimates. Examining this process is important because weaknesses at the acquisition and payment stage may become the root cause of subsequent problems in asset recognition and depreciation.

The present study addresses this gap through an analysis of Kevz Cell, a micro-scale business operating in the telecommunications and digital payment sector. Established in 2018, Kevz Cell provides mobile phone credit, starter cards, physical vouchers, accessories, and digital payment services. Based on an interview conducted with the business owner on July 5, 2026, the business possesses various fixed assets, including land, a shop building, display cabinets, an electronic data capture (EDC) device, furniture, employee equipment, closed-circuit television (CCTV), a money-counting machine, a fan, and other operational equipment. However, the owner has not systematically calculated depreciation and does not retain purchase receipts for the fixed assets. Instead, the current values of assets are primarily based on the owner's estimates.

This condition provides an important empirical setting for examining the consequences of weak fixed asset documentation and depreciation practices. The separation of land and building values by the owner represents an appropriate starting practice because land and buildings have different accounting characteristics. Nevertheless, the absence of documented acquisition costs and systematic depreciation creates uncertainty regarding the carrying amounts of the assets. The problem is not merely technical accounting non-compliance; it may also influence the owner's understanding of actual business profitability and the capacity to plan future replacement of productive assets.

Accordingly, this study aims to analyze the acquisition and payment cycle of fixed assets at Kevz Cell, evaluate its fixed asset recognition and management practices against SAK EMKM and PSAK 16, and simulate straight-line depreciation based on the useful-life classification provided by PMK No. 96/PMK.03/2009. The study further seeks to identify the gap between the owner's current asset valuation practices and accounting-standard-based carrying amounts. By integrating analysis of the acquisition and payment cycle with depreciation simulation, this study contributes practical evidence regarding how simple improvements in documentation, asset registers, and depreciation procedures can strengthen the reliability of financial information in micro-scale enterprises.

The study is expected to provide both theoretical and practical contributions. Theoretically, it extends the discussion of MSME accounting by connecting the acquisition-payment cycle with subsequent fixed asset measurement and depreciation. Practically, the findings may assist micro-enterprise owners in establishing a simple but systematic fixed asset management procedure, including retaining purchase evidence, recording acquisition dates and costs, determining useful lives, maintaining asset registers, and recognizing periodic depreciation. Such practices can improve the quality of financial information and provide a more reliable basis for evaluating profitability, planning asset replacement, and making future business decisions.

2. Literature Review

2.1. Fixed Assets and Their Role in Financial Reporting

Fixed assets are tangible resources held by an entity for use in the production or supply of goods and services, administrative activities, or other operating purposes and are expected to provide economic benefits for more than one accounting period. For micro, small, and medium enterprises (MSMEs), fixed assets may include buildings, furniture, display equipment, electronic devices, computers, security equipment, and other operational facilities. Although these assets do not necessarily generate revenue directly, they support the continuity and efficiency of business operations. Therefore, inappropriate recognition and measurement of fixed assets may affect the reliability of financial statements and the owner's assessment of business performance. The accounting treatment of fixed assets involves several interconnected processes, beginning with acquisition and initial recognition, followed by subsequent measurement, depreciation, maintenance, and eventual derecognition. Under SAK EMKM, a fixed asset is initially measured at acquisition cost, including costs directly attributable to bringing the asset to the location and condition necessary for its intended use. After initial recognition, fixed assets, except land, are measured at cost less accumulated depreciation, while land is measured at acquisition cost (Ikatan Akuntan Indonesia [IAI], 2016).

This principle is particularly relevant for MSMEs because business owners often manage assets based on operational experience rather than formal accounting records. When acquisition costs are not properly documented, the subsequent measurement of assets becomes difficult because the accounting carrying amount cannot be reliably reconstructed. Consequently, the quality of fixed asset information depends substantially on the quality of records generated at the acquisition stage.

2.2. Fixed Asset Recognition and Measurement

Recognition represents the process of determining whether an expenditure should be recorded as an asset or recognized as an expense. In the context of fixed assets, recognition should be supported by the expectation that future economic benefits will flow to the entity and that the acquisition cost can be measured reliably. SAK EMKM emphasizes acquisition cost as the basis for the initial measurement of fixed assets. Directly attributable costs required to bring an asset to the location and condition necessary for use are included in the asset's acquisition cost (IAI, 2016). Subsequent measurement is equally important because the amount initially recognized as an asset is gradually allocated through depreciation over its useful life. SAK EMKM specifies that fixed assets, except land, are subsequently measured at acquisition cost less accumulated depreciation. The standard therefore distinguishes the acquisition cost of an asset from its carrying amount after depreciation.

This distinction is important in the context of the present study. An owner's estimate of an asset's current value cannot automatically be treated as its accounting carrying amount. A current estimate may reflect the owner's perception of the asset's market or physical condition, whereas the carrying amount is determined through an accounting process involving acquisition cost and

accumulated depreciation. Therefore, replacing documented acquisition costs with subjective current-value estimates may create inconsistencies in financial reporting.

2.3. Acquisition and Payment Cycle of Fixed Assets

The acquisition and payment cycle refers to the sequence of activities associated with obtaining assets and settling the related obligations or cash payments. In a micro-enterprise, the process may appear simple because purchases are frequently conducted directly by the owner. Nevertheless, an effective cycle should include several basic stages: identification of asset requirements, supplier selection, price comparison, negotiation, authorization, purchase, payment, documentation, recording, and subsequent monitoring. The payment stage is particularly important because it provides evidence that the acquisition transaction occurred and establishes a basis for determining the amount paid for the asset. In transactions involving cash payments, the absence of receipts, invoices, or other supporting documents may eliminate the audit trail necessary to verify the original acquisition cost. Consequently, a weakness at the payment stage can affect not only cash control but also the recognition and subsequent measurement of fixed assets.

From an accounting perspective, documentation functions as an information-control mechanism. A purchase receipt provides evidence of the date, supplier, nature of the asset, and amount paid. When such documentation is systematically retained, the entity can establish an asset register containing relevant information such as acquisition date, acquisition cost, useful life, accumulated depreciation, and carrying amount. Conversely, when documentation is not retained, asset values may eventually depend on memory or subjective estimates. For MSMEs, the importance of accounting records is reinforced by research showing that accounting capability and business characteristics influence the implementation of SAK EMKM-based financial reporting. Habibah and Astuti (2024), for example, examined MSME financial reporting based on SAK EMKM and demonstrated the importance of factors related to the capacity of business owners in supporting appropriate financial reporting practices.

2.4. Depreciation of Fixed Assets

Depreciation represents the systematic allocation of the depreciable amount of a fixed asset over its useful life. The recognition of depreciation is important because fixed assets contribute economic benefits over multiple accounting periods. Consequently, the entire acquisition cost should not be treated as an expense in a single period when the asset is expected to provide benefits over several periods. Under SAK EMKM, depreciation expense is recognized in the income statement. Fixed assets may be depreciated using either the straight-line method or the declining-balance method, without considering residual value. Depreciation begins when the asset is available for use and continues until the asset is derecognized or fully depreciated (IAI, 2016). The straight-line method allocates an equal amount of depreciation expense over the asset's useful life. Conceptually, annual depreciation can be expressed as:

$$\text{Annual Depreciation} = \text{Acquisition Cost} - \text{Residual Value} / \text{Useful Life}$$

Because SAK EMKM permits depreciation without considering residual value, the calculation for many MSMEs can be simplified as:

$$\text{Annual Depreciation} = \text{Acquisition Cost} / \text{Useful Life}$$

The straight-line method is particularly relevant to micro-enterprises because of its simplicity and ease of implementation. SAK EMKM itself provides an example in which a fixed asset with a four-year useful life is depreciated using the straight-line method at 25% per year.

Depreciation is therefore not merely an accounting adjustment. It affects the carrying amount of assets, operating expenses, and reported profit. A literature study by Silitonga et al. (2024) emphasized that fixed asset depreciation has a significant relationship with reported profit because different depreciation methods produce different expense allocations and consequently affect reported financial performance.

2.5. Useful Life and Depreciation Method

The determination of useful life is an important element in calculating depreciation because it determines the period over which the acquisition cost is allocated. The useful life should reflect the period during which the asset is expected to provide economic benefits to the entity. For MSMEs, however, determining useful life may be challenging because owners often lack formal asset-management policies. SAK EMKM provides a simplified approach by allowing entities to use depreciation periods based on applicable taxation regulations. In its illustrative guidance, SAK EMKM provides depreciation alternatives using the straight-line and declining-balance methods and refers to the applicable tax rules for determining depreciation periods. The taxation framework is relevant as a practical reference, but accounting depreciation and tax depreciation should not be conceptually treated as identical. Tax regulations primarily determine the treatment of assets for calculating taxable income, whereas financial reporting seeks to present the economic consumption of assets in financial statements. Therefore, tax-based useful lives can provide a practical reference for MSMEs while the accounting purpose of depreciation remains the systematic allocation of depreciable amounts.

2.6. Land, Buildings, and Other Fixed Assets

Land and buildings require separate consideration in fixed asset accounting. Land generally has an indefinite useful life and therefore is not depreciated under SAK EMKM, while buildings have a finite useful life and are depreciated. SAK EMKM explicitly provides that land is subsequently measured at acquisition cost, whereas other fixed assets are measured at acquisition cost less accumulated depreciation (IAI, 2016). This distinction is important in the analysis of Kevz Cell because the business owns both land and a shop building. Separating the land and building components allows depreciation to be applied only to the depreciable component. The separation also prevents the total value of the property from being incorrectly treated as a single depreciable asset.

2.7. Documentation, Audit Trail, and Reliability of Financial Information

Documentation is a fundamental component of reliable accounting information. The absence of transaction evidence can make it difficult to verify the occurrence, amount, and timing of an asset acquisition. In the context of fixed assets, documentation is particularly important because acquisition costs become the basis for subsequent depreciation and carrying amount calculations. The use of accounting systems or structured recording mechanisms can strengthen the ability of MSMEs to generate financial information. Nugraha et al. (2024) demonstrated that an accounting application designed around the SAK EMKM framework can simplify financial statement preparation through automated recording and improve the efficiency and accuracy of financial management. For a micro-enterprise such as Kevz Cell, sophisticated accounting software may not be necessary as a first step. A simple fixed asset register can provide the minimum information required to establish an audit trail. Such a register should include the asset name, acquisition date, acquisition cost, useful life, depreciation method, annual depreciation, accumulated depreciation, and carrying amount.

2.8. Accounting Standards and Tax Regulations for Depreciation

The relationship between financial accounting standards and tax regulations is particularly relevant to MSMEs in Indonesia. SAK EMKM provides a simplified financial reporting framework, including provisions concerning depreciation methods and useful lives. Meanwhile, tax regulations establish depreciation rules for determining taxable income. PMK No. 96/PMK.03/2009 classified tangible non-building assets into several depreciation groups and specified useful-life categories for tax purposes. However, this regulation is no longer the current regulatory basis because PMK No. 72 of 2023 subsequently revoked PMK No. 96/PMK.03/2009. PMK No. 72 of 2023 also establishes transitional provisions for assets that had already been depreciated under the previous regulation. Therefore, the use of PMK No. 96/PMK.03/2009 in this study should be positioned carefully. It may be used as a historical reference because the research case involves an enterprise operating since 2018 and the original analysis explicitly uses the 2009 classification. However, it should not be presented as the prevailing Indonesian tax regulation in 2026. This distinction is essential to maintain the regulatory accuracy of the article.

2.9. Fixed Asset Management and Financial Decision-Making

Effective fixed asset management contributes to the quality of managerial decision-making because it provides information about the resources committed to business operations, their remaining carrying amounts, and the costs associated with their use. When depreciation is not recognized, the reported profit may not fully reflect the economic cost of using fixed assets. This can lead business owners to overestimate the amount of profit available for consumption, reinvestment, or expansion. The issue is especially important for MSMEs with relatively thin operating margins. Even relatively small depreciation expenses may influence the assessment of actual profitability when transaction margins are low. Therefore, fixed asset accounting should be understood not simply as a compliance exercise but as a mechanism for improving the economic interpretation of business performance.

2.10. Research Gap and Conceptual Positioning

The literature indicates three interconnected issues. First, MSMEs continue to experience difficulties in implementing structured financial reporting based on applicable accounting standards (Habibah & Astuti, 2024). Second, fixed asset accounting requires reliable acquisition-cost information and systematic depreciation to determine appropriate carrying amounts (IAI, 2016). Third, depreciation affects reported profit because the allocation of fixed asset costs influences the amount of expenses recognized in each accounting period (Silitonga et al., 2024). However, previous studies have tended to examine these issues separately. Research on MSME financial reporting generally emphasizes accounting capability, SAK EMKM implementation, or the use of accounting systems, while research on fixed assets frequently focuses on depreciation calculations and their effect on financial statements. Less attention has been given to the complete linkage between the acquisition and payment cycle, transaction documentation, initial asset valuation, depreciation, and the resulting carrying amount within a micro-scale enterprise.

This study therefore positions fixed asset management as an integrated process rather than an isolated depreciation calculation. The analytical framework begins with the acquisition and payment process, evaluates the availability of transaction documentation, assesses the basis used to determine asset values, examines depreciation practices, and finally compares the resulting asset values with the requirements of SAK EMKM. The straight-line depreciation simulation is subsequently used to illustrate the potential difference between the owner's current valuation and the accounting carrying amount. Based on this framework, the present study contributes empirical evidence from Kevz Cell regarding how weaknesses in the acquisition and payment cycle can propagate into subsequent accounting

problems. The study also demonstrates how a simple fixed asset register, systematic documentation, and periodic depreciation recognition can provide a practical mechanism for improving the reliability of financial information and supporting more rational business decision-making.

3. Research Methods

3.1 Research Design

This study employed a descriptive qualitative research design to examine the management, acquisition, payment, recognition, and depreciation practices of fixed assets at Kevz Cell, a micro-scale business operating in the cellular and digital payment service sector. A qualitative approach was considered appropriate because the study sought to understand the actual accounting practices adopted by the business owner and to identify discrepancies between those practices and the applicable accounting and taxation standards. The study did not manipulate variables or conduct hypothesis testing. Instead, it focused on obtaining an in-depth description of the fixed asset acquisition and payment cycle, the documentation of asset transactions, the basis used by the owner to determine asset values, and the extent to which depreciation was recognized in the business's financial management. The empirical findings were subsequently compared with the relevant provisions of PSAK 16 on Property, Plant and Equipment, SAK EMKM, and Minister of Finance Regulation (PMK) No. 96/PMK.03/2009.

The research was conducted at Kevz Cell, a micro-scale business engaged in the sale of mobile phone credit, starter cards, physical vouchers, accessories, and digital payment services. The business has operated since 2018. The research process was conducted during July 2026, with the principal interview conducted with the business owner on 5 July 2026.

3.2 Research Object and Informant Selection

The object of this study was the fixed asset management and acquisition-payment cycle at Kevz Cell. The analysis covered the process through which fixed assets were acquired, the payment procedures applied, transaction documentation, asset recognition and valuation, asset classification, depreciation practices, and the implications of those practices for the reported carrying amount of fixed assets. The informant was selected using purposive sampling. The business owner was deliberately selected as the key informant because he/she possessed direct knowledge and decision-making authority concerning the acquisition, payment, utilization, maintenance, and valuation of the business's fixed assets. The selection of a key informant with direct responsibility for the business was intended to ensure that the information collected was relevant to the research objectives. The study focused on assets identified by the owner as being used in business operations, including land, a shop-house building, display cabinets, an EDC machine, cabinets, office chairs, an employee mobile phone, CCTV equipment, a money-counting machine, wooden chairs, a fan, a receipt-printing machine, and a calculator.

3.3 Types and Sources of Data

The study utilized primary and secondary data. Primary data were obtained directly from the Kevz Cell business owner through interviews and field observations. The primary data included information concerning the history and development of the business, the process of acquiring fixed assets, payment methods, purchase documentation, estimated current asset values, asset utilization, maintenance practices, and the owner's understanding of depreciation. Secondary data consisted of accounting standards, taxation regulations, and relevant academic literature. The principal normative references were PSAK 16, SAK EMKM, and PMK No. 96/PMK.03/2009. Previous studies concerning fixed

asset accounting and accounting practices among micro, small, and medium enterprises were also used to support the interpretation of the empirical findings.

3.4 Data Collection Techniques

Data were collected using three complementary techniques: in-depth interviews, direct observation, and documentation.

3.4.1 In-depth Interview

An in-depth interview was conducted with the owner of Kevz Cell on 5 July 2026. The interview focused on several aspects relevant to the research objectives, including:

1. the history and operational activities of Kevz Cell;
2. the types of fixed assets owned and used in business operations;
3. the process of identifying and acquiring fixed assets;
4. price surveys and negotiations with sellers;
5. payment procedures for fixed asset purchases;
6. availability and retention of purchase invoices, receipts, or other supporting documents;
7. the basis used by the owner to determine the current value of assets;
8. the treatment of land and buildings;
9. depreciation practices; and
10. the owner's understanding of the effects of depreciation on business profit and asset values.

The interview was designed to obtain information regarding both the formal and informal accounting practices implemented by the business.

3.4.2 Direct Observation

Direct observation was conducted to verify the existence and physical condition of the fixed assets identified during the interview. The observation covered operational assets such as display cabinets, the EDC machine, cabinets, office chairs, CCTV equipment, the money-counting machine, fans, and other equipment used in daily business activities. Observation was also used to examine whether the physical condition of the assets was consistent with the information provided by the owner. Particular attention was given to the distinction between land, the shop-house building, and movable equipment because these assets have different accounting treatments and useful lives.

3.4.3 Documentation

Documentation was conducted by recording the information obtained from interviews and observations and compiling an inventory of the fixed assets identified at Kevz Cell. Because the business owner did not retain most purchase receipts or invoices for previously acquired assets, the documentation process primarily relied on the owner's explanations, observed physical assets, and available supporting information. The absence of historical purchase documentation was itself treated as an empirical finding because it directly affects the ability of the business to establish reliable historical acquisition costs and maintain an adequate audit trail.

3.5 Data Validity and Trustworthiness

To enhance the credibility of the findings, this study applied source triangulation and theoretical triangulation. Source triangulation was conducted by comparing information obtained from the business owner with the results of direct observation and available documentation. Information concerning asset types, physical existence, estimated values, and acquisition practices was examined for consistency across the available sources. Theoretical triangulation was conducted by comparing

empirical findings with the recognition, measurement, depreciation, and presentation principles contained in PSAK 16 and SAK EMKM, as well as the depreciation classifications and useful lives specified in PMK No. 96/PMK.03/2009. Previous empirical studies on accounting practices among MSMEs were also considered in interpreting the findings. This triangulation process was intended to reduce dependence on a single source of information and strengthen the credibility of the resulting gap analysis.

3.6 Data Analysis Technique

The qualitative data were analyzed using the interactive data analysis framework of Miles and Huberman, consisting of data reduction, data display, and conclusion drawing/verification. First, data reduction was performed by selecting and organizing information directly related to the acquisition and payment cycle, asset recognition, transaction documentation, asset valuation, depreciation, and asset management. Information that did not contribute directly to the research objectives was excluded from the main analytical framework. Second, data display was conducted by presenting the empirical findings in descriptive narratives and structured tables. The fixed assets were classified according to their nature and relevant depreciation categories. The analysis also compared the accounting requirements with the practices observed at Kevz Cell. Third, conclusion drawing and verification were conducted by identifying the principal differences between actual business practices and the requirements of the applicable accounting standards. The resulting analysis was used to determine the principal accounting gaps and their potential implications for asset values and reported business profit.

3.7 Fixed Asset Classification and Depreciation Analysis

In addition to qualitative analysis, the study employed a descriptive depreciation simulation to estimate the accounting consequences of the absence of systematic depreciation records. The simulation used the straight-line depreciation method, which can be expressed as:

$$\text{Annual Depreciation} = (\text{Acquisition Cost} - \text{Residual Value}) / \text{Useful Life}$$

Because historical purchase invoices and exact acquisition dates were unavailable for most assets, several explicit assumptions were established for analytical purposes. First, the current values reported by the owner were used as proxy values for acquisition costs solely for simulation purposes. Second, the assets were assumed to have been acquired at the beginning of the business's operation in 2018. Third, useful lives were determined with reference to the relevant classifications in PMK No. 96/PMK.03/2009. Fourth, the residual value was assumed to be zero. Fifth, the simulation period covered the period from 2018 through 2026. These assumptions were not treated as verified historical accounting records. Rather, they were used to illustrate the potential difference between the owner's informal asset valuation and a systematic depreciation approach. Land was treated separately because land is not subject to depreciation under the applicable accounting treatment. The shop-house building was analyzed separately from the land and assigned a useful life consistent with the relevant regulatory classification. Movable operating equipment was classified according to the applicable asset categories.

3.8 Gap Analysis

A gap analysis framework was used to systematically compare actual practices at Kevz Cell with the requirements of PSAK 16, SAK EMKM, and PMK No. 96/PMK.03/2009. The comparison covered five principal dimensions:

1. Asset recognition and measurement – whether assets were initially recognized based on reliable acquisition costs;

2. Transaction documentation – whether purchase invoices, receipts, or other supporting documents were retained;
3. Depreciation recognition – whether depreciation was systematically recognized over the useful life of the assets;
4. Asset valuation – whether the reported asset value represented an appropriate carrying amount after accumulated depreciation; and
5. Land and building separation – whether land and buildings were separately identified and treated according to their different depreciation characteristics.

The gap analysis was used not merely to determine whether a practice complied with accounting standards, but also to identify the underlying causes and potential consequences of the observed accounting deficiencies.

3.9 Research Ethics and Analytical Limitations

The research was conducted with the knowledge and consent of the Kevz Cell business owner. Information obtained from the business was used solely for academic research purposes. The analysis was presented in a manner intended to describe accounting practices objectively rather than to evaluate the personal competence of the business owner. The principal methodological limitation concerns the absence of historical purchase documentation and precise acquisition dates for several fixed assets. Consequently, the depreciation calculations presented in this study are analytical simulations rather than audited accounting figures. The use of the owner's current estimated values as proxies for acquisition costs may not fully represent the actual historical cost of the assets. Therefore, the numerical results should be interpreted as an illustration of the potential accounting impact of systematic depreciation rather than as definitive financial statement adjustments.

4. Results and Discussion

4.1. Overview of Kevz Cell

Kevz Cell is a micro-scale business engaged in the sale of mobile phone credit, starter cards, physical vouchers, accessories, and digital payment services (e-wallet). The business was established with initial capital of approximately IDR 50,000,000 and primarily serves customers requiring daily telecommunications and digital payment transactions. Based on the interview with the business owner, the products and services currently generating the highest customer demand are e-wallet transactions, followed by electricity tokens, physical vouchers, and accessories. The business operates with relatively narrow profit margins. According to the owner, the profit margin on individual voucher transactions generally ranges from approximately IDR 1,000 to IDR 2,000 per transaction. This relatively low margin encourages the owner to prioritize daily cash flow and transaction volume in managing the business. Consequently, accounting considerations involving non-cash expenses, particularly depreciation, have received limited attention in the business's routine financial management.

Another operational challenge concerns products with relatively short periods of validity, particularly starter cards. According to the owner, starter cards generally remain marketable for approximately two months. Therefore, inventory must be sold within a relatively short period or transferred through cooperation with other cellular outlets to minimize the risk of losses arising from expired or inactive products. The operating characteristics of Kevz Cell demonstrate why systematic fixed asset accounting is relevant even for micro-scale businesses. Although the daily transactions are relatively small and the business is primarily cash-oriented, the business depends on several fixed assets to support its operations. Failure to systematically recognize and depreciate these assets may result in an incomplete representation of the actual cost of operating the business and may affect the owner's assessment of profitability.

4.2. Fixed Asset Acquisition and Payment Cycle

The acquisition of fixed assets at Kevz Cell generally begins with an assessment of the business's operational needs, followed by a price survey and negotiation with sellers. Once an appropriate asset and price have been identified, the purchase is completed through a cash payment. The business does not normally use installment or credit arrangements when acquiring fixed assets. Although the acquisition process involves price comparison and negotiation, the documentation component remains weak. The owner does not systematically retain purchase invoices, receipts, or other evidence of acquisition because transactions are generally completed directly at the point of purchase. Consequently, historical information regarding the original acquisition cost and acquisition date of several assets is no longer available.

This condition represents an important weakness in the fixed asset acquisition and payment cycle. In an accounting system, transaction documentation provides an audit trail that enables the entity to verify the original acquisition cost, acquisition date, useful life, and subsequent depreciation of an asset. The absence of such documentation makes it difficult to reconstruct historical cost information and subsequently establish a reliable carrying amount. As a consequence, the owner currently determines the value of several fixed assets based primarily on their estimated current value or personal recollection rather than documented historical acquisition costs. From an accounting perspective, this practice creates a distinction between the owner's informal valuation and the carrying amount that should be determined through systematic accounting procedures. The findings indicate that the root cause of the depreciation-recording problem at Kevz Cell is not solely the absence of knowledge concerning depreciation. Rather, it is also related to the weakness of the transaction documentation system at the acquisition and payment stage. Once purchase evidence is not retained, the subsequent accounting process becomes increasingly difficult because the historical information required for asset recognition and depreciation is no longer readily available.

4.3. Fixed Asset Inventory and Classification

Based on interviews and observations, Kevz Cell possesses several fixed assets that support its business operations. The owner provided the current estimated values of these assets, which were subsequently classified according to their relevant depreciation treatment and useful-life categories.

Table 1. Fixed Asset Classification at Kevz Cell

Fixed Asset	Current Estimated Value (IDR)	Classification	Useful Life
Land (4 × 20 m)	700,000,000	Not depreciated	–
Shop-house building	200,000,000	Permanent building	20 years
Display cabinet	5,000,000	Group 1	4 years
EDC machine	5,000,000	Group 1	4 years
Cabinet	4,000,000	Group 1	4 years
Office chairs	2,000,000	Group 1	4 years
Employee mobile phone	1,500,000	Group 1	4 years
CCTV (2 units)	1,400,000	Group 1	4 years
Money-counting machine	1,000,000	Group 1	4 years
Wooden chairs (3 units)	500,000	Group 1	4 years
Fan	400,000	Group 2	8 years
Transfer receipt printer	250,000	Group 1	4 years
Calculator	100,000	Group 1	4 years
Total	921,150,000		

The total current estimated value of the fixed assets reported by the owner is IDR 921,150,000. Land represents the largest component, amounting to IDR 700,000,000, followed by the shop-house building valued at IDR 200,000,000. The remaining assets consist of operational equipment used to support daily business activities. An important positive finding is that the owner has already distinguished between land and the shop-house building. This distinction is important because land and buildings have different accounting treatments. Land is generally not depreciated because its useful life is not considered limited, whereas buildings are depreciated over their estimated useful lives. However, the classification of assets should be distinguished from the measurement of assets. Although the owner has correctly separated land from the building, the values presented remain estimated current values rather than documented historical acquisition costs. Therefore, appropriate classification does not eliminate the underlying measurement and depreciation issues. The findings suggest that the principal weakness in the fixed asset management system is not the identification of physical assets but rather the absence of a systematic accounting record that links each asset to its acquisition cost, acquisition date, useful life, accumulated depreciation, and carrying amount.

4.4. Gap Analysis Between Accounting Standards and Actual Practice

To identify the extent of the accounting weaknesses, the practices at Kevz Cell were compared with the relevant principles under SAK EMKM, PSAK 16, and PMK No. 96/PMK.03/2009.

Table 2. Gap Analysis of Fixed Asset Management at Kevz Cell

Aspect	Accounting Requirement	Practice at Kevz Cell	Identified Gap
Basis of asset measurement	Assets should be recognized and measured using an appropriate acquisition-cost basis	Assets are currently represented using estimated current values	Historical cost cannot be reliably verified
Transaction documentation	Purchase transactions should be supported by invoices, receipts, or other appropriate documentation	Purchase evidence is generally not retained	No adequate audit trail
Systematic depreciation	Depreciable assets should be depreciated systematically over their useful lives	No depreciation has been formally recorded	Carrying amounts and profit may be misstated
Depreciation method	The method should reflect the pattern of consumption of economic benefits	No depreciation method has been applied	Depreciation cannot be systematically evaluated
Subsequent asset measurement	Carrying amounts should reflect the applicable accounting treatment, including accumulated depreciation	Values are based primarily on perceived physical/current values	Informal valuation is not equivalent to accounting carrying amount
Separation of land and building	Land and buildings should be separately identified because their depreciation treatment differs	Land and building are explicitly separated	Practice is consistent with the principle

The gap analysis indicates that the most significant deficiencies concern historical cost documentation and systematic depreciation. These weaknesses have implications beyond administrative recordkeeping because they affect the reliability of the reported carrying amount of fixed

assets and the measurement of operating profit. The absence of supporting documentation prevents the business from reliably reconstructing historical acquisition costs. At the same time, the absence of depreciation means that the consumption of economic benefits generated by depreciable assets is not reflected in the business's accounting records. Therefore, the owner's current estimate of asset value should not be interpreted as equivalent to the accounting carrying amount. The results also show that the business has already implemented one important aspect of appropriate asset management, namely the separation of land and the building. This indicates that the accounting treatment of fixed assets at Kevz Cell is not entirely inconsistent with accounting principles. Rather, the major problem lies in the subsequent measurement and systematic recording of depreciable assets.

4.5. Straight-Line Depreciation Simulation

Because historical purchase documents and precise acquisition dates were unavailable for most assets, a depreciation simulation was conducted to illustrate the potential accounting consequences of the existing practice. The simulation was based on five explicit assumptions. First, the current estimated values provided by the owner were treated as proxy acquisition costs solely for analytical purposes. Second, all identified assets were assumed to have been acquired at the beginning of the business's operation in 2018. Third, useful lives were determined with reference to the relevant classifications under PMK No. 96/PMK.03/2009. Fourth, the residual value was assumed to be zero. Fifth, the simulation covered the period from 2018 to 2026, representing eight years of operation. The straight-line method was applied using the following formula:

$$\text{Annual Depreciation} = (\text{Acquisition Cost} - \text{Residual Value}) \div \text{Useful Life}$$

Under these assumptions, the estimated annual depreciation expense and depreciation status of the assets are presented below.

Table 3. Straight-Line Depreciation Simulation

Asset	Estimated (IDR)	Value	Annual (IDR)	Depreciation	Status in 2026
Display cabinet	5,000,000		1,250,000		Fully depreciated (2022)
Cabinet	4,000,000		1,000,000		Fully depreciated (2022)
EDC machine	5,000,000		1,250,000		Fully depreciated (2022)
Office chairs	2,000,000		500,000		Fully depreciated (2022)
Employee mobile phone	1,500,000		375,000		Fully depreciated (2022)
CCTV (2 units)	1,400,000		350,000		Fully depreciated (2022)
Money-counting machine	1,000,000		250,000		Fully depreciated (2022)
Wooden chairs (3 units)	500,000		125,000		Fully depreciated (2022)
Transfer receipt printer	250,000		62,500		Fully depreciated (2022)

Calculator	100,000	25,000	Fully depreciated (2022)
Fan	400,000	50,000	Fully depreciated (2026)
Shop-house building	200,000,000	10,000,000	12 years remaining
Land	700,000,000	0	Not depreciated
Total	921,150,000		

The simulation demonstrates that the majority of movable operating assets would have reached the end of their assumed useful lives by 2022. In contrast, the shop-house building remains depreciable because of its longer assumed useful life, while land is not depreciated. The results should be interpreted cautiously because the calculation relies on assumptions necessitated by the absence of historical documentation. Nevertheless, the simulation provides an analytical illustration of the magnitude of depreciation that could have been recognized if a systematic accounting system had been implemented from the beginning of the business.

4.6. Fixed Asset Position at the End of 2026

Based on the depreciation simulation, the estimated fixed asset position at the end of 2026 can be summarized as follows.

Table 4. Estimated Fixed Asset Carrying Amount at the End of 2026

Description	Amount (IDR)
Total depreciable assets excluding land	221,150,000
Accumulated depreciation through 2026	101,150,000
Accumulated depreciation from Group 1 assets	20,750,000
Accumulated depreciation from fan	400,000
Accumulated depreciation from shop-house building	80,000,000
Estimated carrying amount of depreciable assets in 2026	120,000,000
Land value	700,000,000
Estimated total fixed asset carrying amount	820,000,000

The comparison between the owner's estimated current value of IDR 921,150,000 and the simulated accounting carrying amount of IDR 820,000,000 produces a difference of IDR 101,150,000. This difference corresponds to the estimated accumulated depreciation under the assumptions applied in the simulation. However, the difference should not be interpreted as evidence that the owner's current valuation is necessarily incorrect by exactly IDR 101,150,000. Rather, it demonstrates the conceptual difference between an informal current-value estimate and an accounting carrying amount derived from acquisition cost and systematic depreciation. The finding is particularly important because an asset's physical condition does not automatically determine its accounting carrying amount. An asset may remain physically usable after substantial depreciation has been recognized. Conversely, an asset may appear physically well maintained while its accounting carrying amount has declined because economic benefits have been consumed over time.

4.7. Implications for Operating Profit in 2026

The depreciation simulation further demonstrates the potential impact of the absence of depreciation recognition on the reported operating profit of Kevz Cell. Because the Group 1 assets were assumed to have reached the end of their four-year useful lives by 2022, the depreciation expense

attributable to these assets in 2026 is zero. The remaining depreciation expense in 2026 is therefore derived primarily from the fan and the shop-house building.

Table 5. Estimated Depreciation Expense for 2026

Source of Depreciation Expense	Amount (IDR)
Fan	50,000
Shop-house building	10,000,000
Total depreciation expense under the simulation	10,050,000
Depreciation actually recognized by the owner	0
Potential difference	10,050,000

The simulation indicates that, under the stated assumptions, the operating profit reported by the owner could be overstated by approximately IDR 10,050,000 in 2026 if depreciation is completely omitted from the accounting records. This does not imply that the actual profit is definitively overstated by this amount because the analysis does not have complete historical acquisition data or audited financial statements. Rather, IDR 10,050,000 represents the estimated depreciation expense that could have been recognized under the assumptions applied. The potential effect is particularly relevant to Kevz Cell because the business operates with relatively narrow transaction margins. When individual transactions generate only approximately IDR 1,000–IDR 2,000 of margin, an annual non-cash expense of approximately IDR 10,050,000 may be economically meaningful. Failure to recognize such expenses may lead the owner to overestimate the business's sustainable profitability and potentially influence decisions concerning reinvestment, asset replacement, pricing, or external financing.

4.8. Discussion

The findings of this study demonstrate that fixed asset management at Kevz Cell remains predominantly informal, particularly with regard to asset documentation, historical cost recognition, and systematic depreciation. Although the owner maintains the physical condition of fixed assets through routine cleaning and maintenance, these practices are not accompanied by an adequate accounting system for monitoring the decline in asset values over their useful lives. This finding is consistent with Majiding et al. (2025), who reported that the absence of systematic depreciation practices among micro and small enterprises may distort reported profitability and limit the ability of business owners to prepare financially for the replacement of assets when they become obsolete or no longer operational. Thus, physical asset maintenance and accounting-based asset management represent two distinct dimensions that need to be addressed simultaneously to support the long-term sustainability of MSMEs.

A key contribution of the present study is the identification of the underlying mechanism that explains the depreciation-recording gap at Kevz Cell. While previous research has primarily associated the absence of depreciation with limited accounting literacy among MSME owners, the evidence from Kevz Cell indicates that the problem is also rooted in weaknesses in the transaction documentation process. Fixed assets were generally acquired through cash payments, while purchase receipts and other supporting documents were not systematically retained. Consequently, the original acquisition cost and acquisition dates of the assets could not be verified. This condition creates a fundamental obstacle to the application of the historical-cost principle because depreciation calculations require reliable information concerning the asset's acquisition cost, useful life, and period of use. Therefore, improving depreciation practices should not be viewed merely as a bookkeeping issue but as part of a broader internal control and documentation system.

The findings further indicate that the use of the owner's estimated current values as the basis for identifying fixed assets creates a potential mismatch between informal asset valuation and

accounting-based carrying amounts. Under SAK EMKM and PSAK 16, fixed assets are initially recognized based on acquisition cost and subsequently presented after accumulated depreciation, subject to the applicable accounting requirements. In contrast, the practice at Kevz Cell relies on subjective estimates of the assets' current condition and perceived value. Such estimates may be useful for informal business decision-making but cannot substitute for systematic accounting records. The distinction is particularly important because an asset's physical condition does not necessarily correspond to its accounting carrying amount. An asset may remain physically usable after its accounting depreciation period has ended, while its carrying amount may already have reached zero. Conversely, an asset that appears physically well maintained may still require recognition of depreciation because its economic benefits are being consumed through use and the passage of time.

The depreciation simulation provides further evidence of the potential financial reporting consequences of the existing practice. Based on the assumptions used in this study, the estimated depreciation expense that should be recognized in 2026 is Rp10,050,000, consisting of Rp10,000,000 for the building and Rp50,000 for the fan. Since the owner does not currently recognize depreciation, operating profit may be overstated by approximately the same amount, assuming that all other income and expenses remain unchanged. For a micro-scale retail business characterized by relatively narrow transaction margins, such an amount may be economically meaningful. The absence of depreciation therefore has implications not only for the presentation of fixed assets but also for the owner's assessment of actual operating profitability, reinvestment capacity, and future asset replacement requirements.

The application of the straight-line depreciation method in the simulation is also relevant to the operational characteristics of Kevz Cell. The business relies on fixed assets such as display cabinets, EDC equipment, furniture, cash-counting machines, and other supporting equipment whose economic benefits are primarily associated with their continued use in daily operations. Consistent with the requirements discussed in PSAK 16, depreciation should reflect the expected pattern of consumption of the asset's future economic benefits rather than being determined by revenue generation. In this context, a straight-line approach provides a relatively simple and transparent method for allocating the depreciable amount over the estimated useful life, particularly where there is no clear evidence that the pattern of economic benefit consumption differs substantially from a time-based pattern. Its simplicity may also make the method more feasible for adoption by micro-scale businesses with limited accounting resources.

Another important finding concerns the separation between land and building assets. Kevz Cell has already distinguished the land component, valued by the owner at Rp700,000,000, from the building component, valued at Rp200,000,000. This practice is consistent with the accounting principle that land and buildings should be accounted for separately because land generally has an indefinite useful life and is therefore not depreciated, whereas buildings have a finite useful life and are depreciated systematically. This finding indicates that the owner has demonstrated some awareness of the economic distinction between different categories of fixed assets, even though the subsequent measurement and depreciation processes have not yet been implemented systematically. Accordingly, the accounting problem at Kevz Cell should not be interpreted as a complete absence of asset-management awareness, but rather as an incomplete transition from informal asset management toward formal accounting-based asset management.

The comparison between the owner's estimated current asset value of Rp921,150,000 and the simulated carrying amount of Rp820,000,000 at the end of 2026 further illustrates the potential magnitude of the accounting gap. The difference of Rp101,150,000 approximately corresponds to the accumulated depreciation estimated under the assumptions applied in this study. However, this numerical similarity should not be interpreted as evidence that the owner's current-value estimates are

accurate. Instead, it demonstrates that subjective valuation and accounting carrying amounts can produce different results because they are based on fundamentally different measurement concepts. The owner's estimate reflects perceived current value, whereas the accounting carrying amount reflects historical cost adjusted for accumulated depreciation and other applicable accounting treatments.

From a managerial perspective, the findings suggest that improving fixed asset accounting at Kevz Cell requires an integrated approach rather than simply introducing a depreciation formula. First, every acquisition of a fixed asset should be supported by a receipt, invoice, or other verifiable transaction document. Second, the owner should establish a simple fixed asset register containing the asset name, acquisition date, acquisition cost, useful life, depreciation method, accumulated depreciation, and carrying amount. Third, depreciation should be calculated periodically and incorporated into the determination of operating profit. Finally, the physical condition of assets should be reviewed periodically alongside their accounting records. These relatively simple procedures would strengthen the traceability of asset transactions and provide more reliable information for operational and investment decisions.

Despite these findings, several limitations should be considered when interpreting the results. First, the absence of original purchase documents means that the actual acquisition costs and acquisition dates of individual assets could not be independently verified. Second, the depreciation simulation assumes that the assets were acquired when the business was established in 2018, although the actual acquisition dates may have differed. Third, the owner's current estimated values were used as proxies for acquisition costs solely for analytical and illustrative purposes. Consequently, the calculated depreciation amounts and carrying values should not be interpreted as audited financial statement figures. Rather, they demonstrate the potential accounting consequences of the existing asset-management practices and illustrate the importance of establishing reliable documentation and systematic depreciation records.

Overall, the evidence indicates that the principal challenge in fixed asset management at Kevz Cell is not the physical maintenance of assets but the absence of an integrated accounting and documentation system. The findings extend the discussion of MSME accounting practices by demonstrating that depreciation gaps may emerge from the interaction between limited accounting practices and weak transaction documentation. Strengthening both components is therefore essential to improve the reliability of financial information, prevent the overstatement of operating profitability, and support more informed decisions concerning asset replacement, reinvestment, and business financing.

5. Conclusion

5.1. Conclusion

This study concludes that fixed asset management at Kevz Cell has not yet been implemented systematically in accordance with the accounting principles established under SAK EMKM and PSAK 16. The acquisition process is primarily conducted through cash transactions, while purchase receipts and supporting documents are not consistently retained. As a consequence, the identification of acquisition costs and acquisition dates cannot be verified reliably, resulting in the use of subjective current-value estimates rather than historical acquisition costs as the basis for asset records. The study also demonstrates that the absence of systematic depreciation has implications for the reliability of reported profitability. Based on the straight-line depreciation simulation, the estimated depreciation expense for 2026 amounts to Rp10,050,000. Because no depreciation expense is currently recognized by the owner, operating profit may be overstated by approximately this amount, assuming other income and expenditure remain unchanged. The findings therefore confirm that fixed asset accounting is not merely

an administrative requirement but an important component of reliable financial information and managerial decision-making.

5.2. Theoretical Implications

The findings contribute to the discussion of MSME accounting practices by demonstrating that deficiencies in fixed asset accounting may originate from interconnected weaknesses in transaction documentation, historical-cost recognition, and depreciation procedures. The study extends previous observations concerning limited accounting literacy by showing that the absence of supporting documentation can independently constrain the implementation of accounting standards, even when business owners understand the physical importance of maintaining their assets. The study also reinforces the relevance of systematic depreciation as a mechanism for allocating the cost of fixed assets over their useful lives. The case of Kevz Cell illustrates that physical maintenance and accounting depreciation serve different purposes: physical maintenance preserves operational functionality, whereas depreciation represents the systematic allocation of an asset's depreciable amount for financial reporting purposes.

5.3. Managerial Implications

For Kevz Cell and similar micro-scale businesses, the findings suggest that improvements in fixed asset management should begin with simple and practical accounting procedures. The owner should retain invoices, receipts, or other evidence for every fixed asset acquisition and establish a basic fixed asset register. The register should include the asset name, acquisition date, acquisition cost, useful life, depreciation method, accumulated depreciation, and carrying amount. The owner should also incorporate depreciation into periodic profit calculations rather than relying exclusively on cash inflows and outflows to assess business performance. Such practices would provide a more realistic assessment of profitability and help the business anticipate future expenditures associated with asset replacement. In addition, periodic reconciliation between physical assets and accounting records can improve asset control and reduce the risk of incomplete or inaccurate records.

5.4. Limitations and Future Research

This study has several limitations. First, the absence of original purchase documents prevents independent verification of the actual acquisition costs and acquisition dates of the fixed assets. Second, the depreciation simulation assumes that the assets were acquired in 2018, corresponding to the establishment of Kevz Cell, although individual assets may have been acquired at different times. Third, the current values reported by the owner were used as proxies for acquisition costs for illustrative purposes. Therefore, the resulting depreciation and carrying-value calculations should not be interpreted as audited accounting figures. Future studies could address these limitations by examining a larger number of MSMEs across different business sectors and regions. Quantitative or mixed-method research could also investigate whether accounting literacy, transaction documentation, digital bookkeeping adoption, business size, or access to accounting assistance significantly influence compliance with SAK EMKM. Comparative studies between MSMEs that use digital accounting systems and those that rely on manual or informal records may further explain how technological adoption affects fixed asset management and the quality of financial information.

5.5. Practical Recommendations and Research Contribution

The principal practical recommendation is the development of a simple, standardized fixed asset management procedure that can be implemented without imposing excessive administrative burdens on micro enterprises. Such a procedure should integrate transaction documentation, asset registration,

useful-life determination, periodic depreciation, physical verification, and reporting. The approach should be sufficiently simple to accommodate the limited resources and accounting capabilities commonly found in micro-scale businesses. The main contribution of this study lies in demonstrating that the problem of fixed asset accounting in MSMEs is multidimensional. The case of Kevz Cell shows that the absence of depreciation is not solely a consequence of limited accounting knowledge but is also associated with weaknesses in transaction documentation and asset-recording practices. By connecting these elements, the study provides a more comprehensive explanation of the gap between accounting standards and actual MSME practices. This perspective may serve as a practical basis for strengthening accounting education, MSME assistance programs, and simplified financial reporting systems designed to improve the reliability and usefulness of MSME financial information.

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