



Three essential characteristics of Assets in Chemical Industry

Chandra Wijaya Nasution¹, Elviyanti Pohan², Iskandar Muda³

^{1,2,3}Universitas Sumatera Utara, Medan, Indonesia

chandra.wijaya182@gmail.com

Abstract. Assets are one of the important components in a company in supporting its operational activities, good asset management will certainly have a significant impact on the development and progress of the company. This study aims to find out how the characteristics of assets in chemical companies and how the level of asset management in chemical companies. The technique used in this research is descriptive analysis using a ratio that compares income to total assets and describes the condition of the assets in accordance with the characteristics of the assets. In this study it was found that the asset management of chemical companies was in the good category and the existing asset components were aligned or in accordance with the characteristics of the assets themselves. That is, assets in the chemical industry have economic benefits for the future, are assets that are fully controlled and controlled by the company, and assets owned by chemical companies are the result of past transactions or events.

Keywords : Asset, Three essential characteristic Assets, Aset Management, Chemical Industry

INTRODUCTION

Indonesia is a country that is currently experiencing rapid industrial development and progress, this development cannot be separated from technological advances and societal growth, as well as the chemical industry in Indonesia. The contribution of the chemical industry to the economy is very significant because it can absorb large capital, create jobs, and generate added value. The chemical industry is also expected to become a prime mover for national industrial development to support sustainable development and the Vision of Indonesia 2045. For this reason, the ITB Chemical Engineering Alumni Association, supported by academics and chemical industry practitioners, compiled the White Paper "Towards National Chemical Industry Resilience" as input for the Roadmap Development of the National Chemical Industry which is being prepared by the Ministry of National Development Planning/Bappenas. (Bapenas.go.id.2022)

The main goal of the company is to make a profit for the prosperity of the owner. Companies need to allocate capital carefully to achieve these goals. Capital that has received sufficient attention is capital in the form of fixed assets presented in the financial statements (Muda et al., 2017). Fixed assets are an important component in running the company's operations because companies in general have invested part of their wealth in fixed assets as a driving force for the company's operational activities. So that the accounting treatment of fixed assets that is not appropriate or not in accordance with the Statement of Financial Accounting Standards will have an impact on the presentation of financial statements. Herdini and Evelin (2019).

Key characteristics of assets according to the Conceptual Framework are: Resources must contain future economic benefits, including the ability to contribute directly or indirectly to future net cash flows and, in the case of non-profit organizations (NFPs), provide control over services or have the ability to generate from the asset in order to make a profit. Ability to pursue our goals and deny or restrict access to these benefits by others. This means your organization can control access to services. A resource need not be an asset to be legally enforceable because the firm can control its use in other ways, such as past events that contribute to control of the firm's future economic interests. is not.

Asset is a term that is interpreted into several meanings and differentiated based on the subject (Sadalia et al., 2020). For the first definition, we will take it from the Big Indonesian

Dictionary, in the KBBI it contains that assets are wealth in the form of money or other tangible objects. Meanwhile, according to Wikipedia, an asset is a normal debit balance or an economic resource that can provide business benefits in the future. Definitions of other assets published in journals by multiple experts. Below is the full description. Management accounting is the process by which managers influence other organizational members to implement organizational strategy (Anthony and Govindarajan, 2009). The administrative control process is systematic but not mechanical. This process involves interactions between individuals that cannot be explained mechanically. Managers have both personal and organizational goals. The most important question in management is how to get administrators to behave in a performance-oriented manner.

The progress of chemical companies not only advances technology, reduces resource consumption, and improves the environmental protection performance of products, but also provides an important method, information is also important. management. Asset management aims to provide chemical manufacturers with a quantifiable return on investment (ROI) from each asset. Whether that be plants, machinery, pumps, extractors, or chemical tanks. To achieve a profitable ROI, assets need to be available and operating at a continuous optimal level.

The following will present the development of total assets in chemical industry companies in the chemical sub-sector listed on the Indonesian stock exchange:

Table 1. The total assets in chemical companies in Indonesia 2019-2021
(RP in millions)

Companies name	2019	2020	2021
Aneka Gas Industri Tbk	7.020.980	7.121.458	8.164.599
Barito Pacific Tbk	7.182.435	7.689.555	9.241.551
Intan Wijaya International Tbk	405.445	444.866	510.699
Ekadharma International Tbk	968.234	1.081.980	1.165.565

Source: annual report for each company

In the Table 1 it can be seen that chemical industry companies in Indonesia have experienced an increase in total assets for each company from 2019-2021, this indicates that the company continues to increase its operating level every year by adding assets to help increase its production level.

LITERATURE REVIEW

Assets

According to PSAK No. 16 of the 2011 revision, assets are all wealth owned by an individual or group, tangible or intangible, which has value and will benefit each person or company. On the other hand, the Indonesian Institute of Accountants (IAI) defines assets as resources controlled by a company as a result of past events or the generation of future economic profits expected to benefit the company. Consistent with this understanding, IFRS/International Financial Reporting Standards (2008) defines an asset as: . "According to Mr. Sireger (2018: 178) states that "Asset means an article (thing) possessing economic, commercial or exchange value and owned by a legal entity, institution or person/individual. or goods (anything)." The above definition of property also applies in principle to state-owned or state-owned property under certain conditions. Covered assets include tangible and intangible real estate (land or buildings) and personal property.

Asset Characteristic

Assets have different characteristics from other financial statement components. So you can recognize assets by looking at their characteristics. The characteristics of the assets are:

1. Have economic benefits for the future.
2. Mastered and controlled by the company.
3. The result of past transactions or events.

Referring to PSAK No. 16 In the 2011 revision, assets or assets are all assets belonging to individuals or groups (business entities). At least, there are 3 things that underlie an object to be called an asset, including:

1. Ownership, assets that are classified based on the owner's assets but can be converted into money or other objects that aim to develop a business.
2. Economic Value, assets that have economic values.
3. Resources, assets owned by a company and are useful for providing income in the future.

For accounting purposes, control of access to benefits need not be legally enforced for a resource to be an asset if the entity can otherwise control its use. It is important to understand that assets in accounting terms are not the same as property. In accounting, ownership is represented by the term 'equity' (see the related term 'equity'). Assets are equity plus liabilities. The accounting equation relates assets, liabilities and equity as follows:

The accounting equation is the mathematical structure of the balance sheet. Assets are usually listed on the balance sheet (Muda et al., 2020). Shows regular balance or regular debit balance (that is, asset account amounts on the left side of the ledger). Similarly, in economics, assets refer to any form of wealth that can be held. Perhaps the most widely accepted definition of an asset in accounting is that used in International Accounting Standards.

Asset Types

In the company's balance sheet, assets are sub-classified into five groups as follows (Zaki Baridwan, 2015):

1) Current assets

Current assets are cash and other assets or resources that are expected to be converted into cash, sold or consumed within the normal operating cycle of an enterprise or one year, whichever is longer. The five main items of current assets are cash, short-term investments, accounts receivable, inventory and advances.

2) Long-term investment

Long-term investment is a form of long-term investment that includes multiple types of investments that can take the form of stocks, mutual funds, and other long-term investments.

3) fixed assets

Fixed assets are tangible assets owned by a company for the purpose of generating income, not intended to be sold in the ordinary course of business of the company, and having a useful life of one year or more.

4) Intangible assets

A company's long-term intangible rights are reported as intangible assets. B. Goodwill, Patents, Trademarks, Copyrights, Etc.

5) Other assets

Assets that cannot be included in other groups. B. Deposits deposited with sellers to secure contracts, buildings under construction, long-term debts, etc.

Asset Management

Asset management is defined as a process of managing tangible and intangible assets (wealth) that have economic value, commercial value, and exchange rates, and are able to encourage the achievement of goals (Sugiama, 2013 and Simarmata et al., 2022). Making a decision to acquire assets (gaining of assets) means that it is necessary to plan and carry out asset procurement in an effective and efficient manner. Likewise, the decision to use assets requires a series of efforts so that the use (asset usage) and utilization of assets (asset utilization) are consistent

According to Siregar (2018) said "asset management itself has developed quite rapidly starting with a static orientation, then developing into dynamic, initiative and strategic". In addition, there are also efforts to make an inventory of local government assets that are not being used. However, in future developments, the scope of asset management is further developed by incorporating asset value, asset management accountability, land audits, namely land use, property surveys in terms of monitoring property market developments, application of information systems in asset management and optimizing asset utilization, the latest developments, asset management has increased in scope so as to be able to monitor asset optimization performance as well as investment strategies for asset optimization. Hastings (2015) explained that asset management is a series of activities related to identifying what assets are needed, identifying funding requirements, acquiring assets, providing logistical and maintenance support systems for assets, removing or renewing assets so that assets can be used effectively and efficiently to meet objectives. which are desired.

According to Campbell (2011) states that the asset cycle starts from the planning stage, design evaluation, acquiring assets by making or procuring, operating assets, carrying out maintenance, modifying assets, carrying out asset write-offs. This cycle is also related to financial management and the technology used in these assets. Figure 2.2 shows the asset cycles involved in Total Life Cycle Asset Management by Campbell (2011).



Figure 1. Total Life Cycle

Quoting from research by Wiratama et.al (2019) In this study asset management is measured using two methods, namely the liquidity and activity ratios which describe the company's ability to manage assets both in fulfilling short-term obligations compared to current assets with the Current Ratio and also management assets for activity turnover or company income with the ratio of Current Assets Turn Over. According to the Indonesian financial services authority, a good category standard is 1.5 to 3 times.

METHODS

This study uses qualitative methods with descriptive analysis which describes how companies manage assets based on three important characteristics of assets in companies. Sources of data are obtained from various journals, analysis reports done by accounting corporations, and also books that discuss assets. This study will describe how assets in chemical industry companies are in accordance with the characteristics of assets, namely: Having economic benefits obtained for the future, owned and controlled by the company, Results from past transactions or events. And also describes how the asset management of pharmaceutical industry companies with the Liquidity ratio and also the company's Activity ratio. And provide conclusions from theory and analysis as well as observational findings from the data collected to provide optimal results and understanding regarding asset management in chemical industry companies in Indonesia.

RESULT & DISCUSSION

Asset Management

Through data that has been observed and collected by researchers, ratio data can be presented as follows:

Table 2. Current Ratio (CR)

Companies name	2019	2020	2021
Aneka Gas Industri Tbk	1,03	1,01	0,87
Barito Pacific Tbk	3,20	1,90	1,70
Intan Wijaya International Tbk	3,62	3,72	2,51
Ekadharna International Tbk	6,91	8,10	7,75

Source: annual report for each company

From the table above it can be seen that the Current Ratio (CR) value of each company is in good condition which is in the range of 1.5 to 3. This indicates that chemical industry asset management is viewed from the ratio of the company's ability to pay off its short-term obligations through current assets are in good condition.

Table 3. Total Aset Turn Over (TATO)

Companies name	2019	2020	2021
Aneka Gas Industri Tbk	0,39	0,31	0,27
Barito Pacific Tbk	0,33	0,30	0,34
Intan Wijaya International Tbk	0,94	0,89	1,02
Ekadharna International Tbk	0,78	0,62	0,54

Source: annual report for each company

Through the Total Asset Turn Over (TATO) table, it can be concluded that the average chemical company has a value above 0.3 or three times the income generated based on the assets owned, this indicates that the asset management process in chemical industry companies is in a good category so that the assets owned by the company are able to generate income above 3 times the total assets owned.

Identify assets that have future economic benefits

Seeing from the data that researchers have collected, assets owned by chemical companies can be considered to have economic benefits in the future, this can be seen through the ratio of total assets turnover, which on average provides benefits of 3 times or 30 percent of the income generated. compared to the total assets owned, in this case it means the ability of chemical companies in Indonesia to be able to produce as much as 30% of their total assets despite fluctuations in TATO values but based on assessment standards in a good category. Then in the table of total assets shown earlier every year it has increased continuously, this indicates that good asset management is capable of increasing the number of assets to support production levels in chemical companies in Indonesia. So based on the data that has been collected and observed, it can be concluded that the assets owned by chemical companies are capable of having economic benefits or economic value for the future.

Based on the theory presented previously that the characteristic of assets is to have benefits or economic value for the future, this illustrates that the assets owned by industrial companies fulfill these characteristics, which through asset turnover to business income is in a good category, this means that the assets owned are considered capable of having economic value in the future. And based on PSAK No. 16 Revised in 2011, one of the characteristics of an asset is that it is a resource in the sense that it is an asset owned by a company and is useful for providing income in the future.

Identifying assets owned and controlled by the company

Assets in chemical industry companies are the property of companies that are used both in operational activities and as assets that add to the company's economic value, this can be seen through the annual report data for each company which attaches reports on assets owned or assets purchased by the company. . Based on PSAK No. 16 Revision, that one of the characteristics of assets is ownership in the sense that assets are classified based on the owner's property but can be converted into money or other objects that aim to develop a business. In a chemical industry company, the assets in the company are assets that are owned or controlled directly by the company and also have an exchange value or can be converted into money. The following is a list of assets belonging to chemical industry companies as follows:

Table 4. The Type of Assets

Companies name	Type of Assets
Aneka Gas Industri Tbk	Cash and cash equivalents, trade receivables, land and buildings, heavy machinery and equipment, vehicles, office equipment, usufructuary assets, facilities and installations.
Barito Pacific Tbk	Cash and cash equivalents, trade receivables, land and buildings, heavy machinery and equipment, vehicles, office equipment, usufructuary assets, facilities and installations.
Intan Wijaya International Tbk	Cash and cash equivalents, trade receivables, land rights, buildings and infrastructure, machinery and equipment, transportation equipment, office inventory,
Ekadharna International Tbk	Cash and cash equivalents, accounts receivable, Land, buildings, Machinery, Vehicles, office equipment, Office Furniture, Installation, Assets Cultivation rights

Source: annual report for each company

Assets that are the result of past transactions or events

Based on the reports uploaded on each of the company's websites, it can be seen that the assets owned by chemical companies are the result of purchases or developments in the past or in previous periods, while those that have just been purchased will be added to the acquisition price at the end of the company's accounting period. So that through the characteristics of assets which are the result of past acquisitions or transactions, they are in accordance with the condition of assets owned by chemical companies.

CONCLUSION

Based on the findings and discussion that have been found by researchers, it can be concluded that the existing assets in chemical industry companies have fulfilled three important characteristics of assets, namely assets in chemical industry companies that have economic value that can increase income in the future, then assets that exist in the company are assets that are controlled and managed by the company, then are the result of previous transactions or purchases, it can be concluded that the assets in chemical companies are in accordance with the characteristics of the assets so that it can be interpreted that the assets owned are assets that can be categorized as a company asset. Then through asset management in chemical industry companies through measuring the current ratio (CR) and total asset turnover (TATO) in a good category, so it can be concluded that the asset management process in chemical industry companies has been carried out optimally in order to be able to increase income and support company operations.

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