Interdisciplinary Journal of Global and Multidisciplinary
IJGAM
+62852-3430-9925 https://jurnal-ijgam.or.id/ admin@jurnal-ijgam.or.id
Vol. 2, No. 4, October 2026 | Page. 303 - 311

THE ACCURACY OF THE APPLICATION OF PSAK 216 IN THE VALUATION OF FIXED ASSETS AND ITS EFFECT ON THE FAIRNESS OF THE COMPANY'S FINANCIAL STATEMENTS

Maora Syifa Belicia[1], Mukhtaruddin[2], Rina Tjandrakirana dp[3], Umi Kalsum[4]
Department of Accounting, Sriwijaya University, Indonesia
Email: maorasyifa212@gmail.com, mukhtaruddin67@unsri.ac.id, rinatjandrakirana@yahoo.com, umikalsum@unsri.ac.id

Keywords:

PSAK 216;
Fixed Assets;
Revaluation Model;
Fair Value;
Fair Presentation;

Abstrak

Applying PSAK 216 (Indonesia's property, plant and equipment standard, formerly PSAK 16) correctly makes financial statements more fairly presented only when disclosure is complete and fair-value appraisals are independent; otherwise the revaluation model creates room for opportunism. This systematic literature review synthesizes seven studies published between 2015 and 2026 on PSAK 216 compliance, the choice between the cost and revaluation models, and the quality of fixed-asset information. Disclosure compliance in the first year of PSAK 216 was high (81.8%–100% across three listed transport companies), yet gaps remained in the post-recognition measurement model, pledged assets, and residual values. Revaluation was uncommon: only 7.1% of 434 listed firms revalued in 2012–2014. Evidence on fair presentation is mixed. Property, plant and equipment and revaluation reserves are value relevant in Indonesia and Malaysia, an Australian study links revaluation to higher earnings management, and another Indonesian study finds no effect on value relevance. The review concludes that accuracy of PSAK 216 application should be assessed at three levels—accounting treatment, disclosure completeness, and reliability of fair values—and proposes four propositions for future quantitative testing.

INTRODUCTION

Fixed assets are one of the largest items in the financial position statements of asset-intensive companies, so the way they are recognized, measured, depreciated, and disclosed directly affect their financial position and reported profit (Muqshitah et al., 2025). In Indonesia, the accounting treatment of fixed assets is regulated in PSAK 216, which is a new numbering of PSAK 16 which is effective from January 1, 2024 (Muqshitah et al., 2025) and refers to IAS 16 (IFRS Foundation, n.d.). After initial recognition, entities may choose a cost model or a revaluation model (DSAK IAI, 2024; Rahmawati et al., 2024).

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The choice of model is only part of the issue of the accuracy of implementation. Accuracy also concerns the suitability of accounting treatment with standards, completeness of disclosure, and the reliability of fair value when assets are revalued. Preliminary evidence shows that all three are not evenly distributed. In the first year of PSAK 216, three transportation issuers achieved 81.8%–100% disclosure compliance, but there were items that were missed (Muqshitah et al., 2025). A study on PT Perkebunan Nusantara I (Persero) found that only three of the seven implementation indicators were fully compliant (Rahmawati et al., 2024). In addition, revaluation is rarely used: only 7.1% of 434 listed companies did so in 2012–2014 (Ahmar, 2018), and 35 of Indonesia's 100 largest companies used the revaluation model in 2018–2019 (Kadri et al., 2021).

The fairness of financial statements depends on how well the fixed asset numbers reflect economic conditions (relevance) without being distorted by compiler bias (honest presentation) (IASB, 2018). Fair value can increase relevance (Herrmann et al., 2006), but its reliability is influenced by valuer independence (Cotter & Richardson, 2002) and market liquidity (Ball, 2006). A systematic review of model-based fair value measurement even concluded that the approach has not promised to improve information quality (Dudycz & Praźników, 2020). At the same time, the motives and consequences of revaluation have been studied in the UK, Brazil, and Australia (Iatridis & Kilirgiotis, 2012; Lopes & Walker, 2012; Yao et al., 2015), but the results have not been consolidated for the context of PSAK 216.

There are three gaps. First, studies on the implementation of PSAK 216 in Indonesia are generally in the form of case studies on one company or one sector so they have not been synthesized. Second, studies on revaluation test more one consequence (relevance of value, profit management, or future performance) and rarely link it to the accuracy of the implementation of standards. Third, most of the evidence comes from the PSAK 16 period, while PSAK 216 has only taken effect since 2024.

This article answers three research questions: (RQ1) how appropriately PSAK 216 is applied in the measurement and disclosure of fixed assets; (RQ2) what is known about the choice of cost models and revaluation models in Indonesia; and (RQ3) how the accuracy of the application relates to the fairness of the financial statements. The contribution is a structured synthesis and four propositions that can be tested in quantitative research.

LITERATURE REVIEW

Agency theory and positive accounting theory

Agency theory explains the conflict of interest between owners and managers and the resulting supervisory costs (Jensen & Meckling, 1976). In the context of fixed assets, the choice of the revaluation model gives managers discretion over the value of assets and equity. Positive accounting theory predicts that accounting policy choices are influenced by managers' contractual and political incentives (Watts & Zimmerman, 1986). Both theories provide the basis for suspecting that revaluation can be used to convey information, but it can also be opportunistic when supervision is weak (Iatridis & Kilirgiotis, 2012).

PSAK 216 and measurement models after initial recognition

PSAK 216 requires the recognition of fixed assets when there is a high likelihood that future economic benefits will flow to the entity and the cost of

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acquisition can be reliably measured (Rahmawati et al., 2024). After recognition, the entity chooses one of two policies: the cost model, i.e. the acquisition cost minus accumulated depreciation and impairment loss, or the revaluation model, i.e. the fair value on the date of the revaluation minus the depreciation and impairment loss thereafter (DSAK IAI, 2024). In IAS 16, revaluation is conducted fairly regularly so that the recorded amount does not differ materially from the fair value, and applies to the same entire asset group (IFRS Foundation, n.d.). An increase in value is generally recognized in other comprehensive income as a revaluation surplus, while a decrease is recognized in income unless reversing the previous surplus (IFRS Foundation, n.d.).

Fair value is measured according to the IFRS 13 hierarchy. Level 1 uses quoted prices in the active market, Level 2 uses observable inputs, and Level 3 uses non-observable inputs making them most vulnerable to subjectivity (IFRS Foundation, 2011; Dudycz & Praźników, 2020). The PSAK 16 amendment on results before intended use, effective from January 1, 2023, requires that the proceeds of sale of items generated while testing the asset are recognized in income and loss, no longer deducting the cost of acquisition (DSAK IAI, 2023; Rahmawati et al., 2024).

Reasonableness of financial statements and the role of fixed assets

This article defines fairness as two properties of information that are formulated in a conceptual framework: relevant to user decisions and honestly presenting what should be presented (IASB, 2018). For fixed assets, relevance means that the recorded value reflects current economic conditions, while fair presentation means that the value is free of bias, verifiable, and sufficiently disclosed to be understood. The fair value of tangible assets is valued as superior in predictive value and timeliness (Herrmann et al., 2006), but revaluation by directors is less reliable than revaluation by independent appraisers for plants and equipment (Cotter & Richardson, 2002). Fair value is also more informative only when market prices are observable and not easily influenced by managers (Ball, 2006). In the UK, upward revaluation is positively associated with the company's future performance (Aboody et al., 1999), suggesting that revaluation can carry information, not just accounting figures.

Conceptual framework

The accuracy of the implementation of PSAK 216 is operationalized on three layers: (1) the suitability of accounting treatment (acknowledgement, measurement, depreciation, termination of recognition), (2) completeness of disclosure, and (3) the reliability of fair value when the revaluation model is used. The fairness of financial statements is observed through the relevance of value, profit quality (profit management), and reliability of valuation. Independence of appraisers, audit and governance quality, and market depth are treated as conditions that can strengthen or weaken the relationship.

RESEARCH METHODS

This study uses a qualitative systematic literature review (SLR) with a PRISMA-style selection flow: identification, screening, feasibility assessment, and synthesis. The search was conducted in October 2026 through academic search engines and journal publisher websites, using a combination of keywords "PSAK 216", "PSAK 16", "fixed assets", "asset revaluation", "revaluation model", "IAS 16", "fairness of financial

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statements", "asset revaluation", "earnings management", and "value relevance".

Inclusion criteria. Documents are included if they meet all of the following requirements:

1. peer-reviewed journal articles or verifiable thesis/dissertation in the official repository of the university;
2. discussing the implementation of PSAK 216/PSAK 16/IAS 16 or as a result of the selection of a revaluation model on the quality of financial statement information;
3. contains empirical findings or synthesis whose full text or abstract can be read;
4. Published in 2015–2026.

Exclusion criteria. Blogs and practitioner sites, standard summaries, online encyclopedias, undergraduate thesis or final project, working or preprint documents, one-unit case studies without adequate design, as well as documents whose full text is not accessible.

Selection flow. A search yielded 38 records. After two duplicates were removed, 36 records were filtered by title and abstract, and 19 were issued (12 non-scientific sources, 5 thesis or final project, 2 working documents or preprints). Of the 17 documents assessed as eligible, 10 were issued: 2 focused on taxation or the public sector, 4 were single-unit case studies with inadequate design, 1 did not refer to PSAK 216 and the full text was inaccessible, 1 was a general review study that was not related to standards, and 2 was only accessible abstracts. Seven studies went into synthesis.

Extraction and synthesis. Each study was recorded according to context, design, sample size, measure of applicability or reasonableness, and key findings. The synthesis was conducted thematically based on three research questions. Because the sample size and outcome size vary, the synthesis was narrative without meta-analysis. Thesis studies were tagged and treated as supporting evidence. Classical and standard literature (e.g., Ball, 2006; Cotter & Richardson, 2002; IAS 16) were used as the theoretical basis and were not counted in the seven studies.

Transparency note. Searches are not conducted through structured queries on subscription databases, and journal quartiles are not rated. Researchers who want to replicate should repeat searches on Scopus and Google Scholar with the same keywords.

RESULTS AND DISCUSSION

Seven studies showed that the implementation of PSAK 216 was relatively compliant with the basic disclosures, but the impact of the revaluation on the fairness of the financial statements depended on the reliability of the assessment and the strength of the supervisory.

Study characteristics

Five of the seven studies were based in Indonesia, one was based in Australia, and one was a review of the international literature. Two studies assessed compliance with implementation, one assessed revaluation practices, and four assessed the

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consequences of revaluation or fair value.

Study	Context and design	Key findings
Muqshitah et al. (2025)	Three transportation issuers on the IDX, 2024 report; content analysis with a checklist of 11 PSAK 216 items	100% compliance (GIAA), 90.9% (SMDR), 81.8% (BIRD); gaps in measurement models, assets guaranteed, residual value
Rahmawati et al. (2024)	PT Perkebunan Nusantara I, 2022–2023; content analysis, seven indicators of PSAK 216	Three indicators of 100% conformity; recognition 75%, initial measurement 62.5%; nonconformity mainly due to lack of disclosure
Ahmar (2018)	434 companies listed, 2012–2014; descriptive	7.1% evaluate assets, 92.9% do not
Kadri et al. (2021)	100 largest companies in Indonesia and 100 in Malaysia, 2018–2019; regression of value relevance	35 out of 100 Indonesian companies use a revaluation model; fixed assets and revaluation reserves are relevant to market value
Ainy (2019) (thesis)	The company is listed on the IDX, 2012–2016; Relevance of Value, Profit Management, Timeliness	Has no effect on the relevance of value; has a significant negative effect on profit management; untimely revaluation
Hu et al. (2015)	Australia's 300 largest companies; discretionary accruals	Profit management indication is higher; even higher if the fair value is assessed by the board of directors
Dudycz & Prażników (2020)	A systematic review of 46 articles (1996–2016) on the fair value-based impairment test model	This approach does not promise to improve information quality; it is used for profit management

RQ1: Accuracy of PSAK 216 application

High compliance with basic disclosure does not automatically mean that all aspects are appropriate. In the first year of PSAK 216, the three transportation issuers disclosed accounting policies, depreciation methods, and reconciliation of recorded value, but one issuer did not explain the residual value, and the other did not affirm the measurement model after the initial recognition or the collateralized assets (Muqshitah et al., 2025). A similar pattern was seen at PT Perkebunan Nusantara I: acquisition, measurement after recognition, and depreciation were fully compliant, while the initial recognition and measurement were not yet due to the fact that the details of the costs were not disclosed (Rahmawati et al., 2024). Both studies measured the completeness of the disclosures, not the correctness of the figures, so the discrepancies found were informational.

PT Perkebunan Nusantara I also shows a standard-permissible mixed practice: a cost model for non-crop assets and a revaluation model for land, with fair value of land based on the valuation of several public valuation service offices (Rahmawati et al., 2024). Amendments on results before intensified use have no impact on the 2022–2023 report as there were no sales of test items (Rahmawati et al., 2024).

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RQ2: Choice of cost model and revaluation model

The cost model dominates. Of the 434 companies recorded in 2012–2014, only 7.1% evaluated assets; of the entire sample, 3% were audited by Big 4 affiliated KAP and 4.1% by other KAP (Ahmar, 2018). In the 100 largest companies, 35 Indonesian companies used the revaluation model compared to 13 Malaysian companies in 2018–2019 (Kadri et al., 2021). The difference of 7.1% and 35% should not be directly compared because the population, period, and calculation basis are different; they only show that revaluation is more prevalent in large companies. Ahmar (2018) noted that low revaluation prompted the issuance of PMK 191/PMK.010/2015 on revaluation for tax purposes.

RQ3: Relation to the fairness of financial statements

Relevance of value. Kadri et al. (2021) found that fixed assets and revaluation reserves were significantly related to the market value of equity. The apparent power of the model in the revaluation model sample (R^2 0.67) was higher than in the cost model sample (R^2 0.23), and in the Indonesian sample with the regression model cost model was not significant (R^2 0.019). These results are in the form of associations, not cause-effect. In contrast, Ainy (2019) did not find the effect of revaluation on the relevance of value in listed companies in 2012–2016, and the revaluation was not accompanied by stock return reactions or improvements in future performance. This difference can be derived from the sample (largest company versus all listed companies), period, and size used.

Quality of profits. In Australia, the revaluation of non-current assets is associated with a higher indication of profit management, especially when a fair value is set by the directors (Hu et al., 2015). In Indonesia, Ainy (2019) reported a significant negative effect of revaluation on the level of profit management. The direction of interpretation of these findings depends on the proxies used, which cannot be verified from the thesis abstract, so the two studies cannot be said to contradict each other.

Reliability of fair value. A review of 46 articles concluded that model-based fair value measurement (Level 3) is susceptible to manipulation and does not promise an improvement in information quality (Dudycz & Praźników, 2020). The review addressed a depreciation test, not a revaluation test, so it was only indirect evidence for PSAK 216. Direct evidence was the finding that revaluation by independent appraiser was more reliable for plants and equipment (Cotter & Richardson, 2002) and that director valuation was associated with higher discretionary accruals (Hu et al., 2015).

Synthesis and propositions

Evidence from seven studies supports the view that the appropriateness of the implementation of PSAK 216 is layered. Accounting and disclosure treatments are generally appropriate, while the effect of revaluation on fairness is conditional. The following four propositions are formulated for testing and are not yet empirical conclusions.

5. **P1 (disclosure).** The more complete the disclosure of PSAK 216 items, especially the measurement model, collateralized assets, and residual value, the

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more able users will be able to assess the policy and risk of fixed assets, so that fairness increases (Muqshitah et al., 2025; Rahmawati et al., 2024).

6. **P2 (relevance condition).** Revaluation increases the relevance of value only when fair value can be reliably measured; otherwise, the effect is not visible (Kadri et al., 2021; Ainy, 2019; Ball, 2006).
7. **P3 (independent appraiser).** Appraisal by independent appraisers weakens the relationship between revaluation and profit management (Cotter & Richardson, 2002; Hu et al., 2015).
8. **P4 (less liquid market).** The larger the portion of assets measured at Level 3, the greater the noise of information and profit management opportunities (Ball, 2006; Dudycz & Praźników, 2020).

From the point of view of agency theory, P3 and P4 assert that discretion over fair value needs to be balanced by external oversight and verification (Jensen & Meckling, 1976). From the point of view of positive accounting theory, the low use of revaluation (Ahmar, 2018) is in line with the assumption that valuation costs and reputational risk hold managers from choosing this model (Watts & Zimmerman, 1986), although the exact cause has not been tested in this corpus.

Implications

- **Report compiler:** explicitly discloses the measurement model after initial acknowledgement, collateralized assets, and residual value, and uses independent appraisers with clear valuation dates and methods.
- **Auditor:** concentrates procedures on the most frequently missed items and on Level 3 assumptions.
- **Regulators and standard-setters:** an 11-item checklist can be used as an initial monitoring tool for compliance (Muqshitah et al., 2025).
- **Researchers:** tested P1–P4 with a larger sample and period after 2024, using the same measure of adherence between studies.

CONCLUSIONS AND SUGGESTIONS

The accuracy of the implementation of PSAK 216 supports the fairness of financial statements if the disclosure is complete and the fair value is reliable; if one of them is weak, the benefits of the revaluation model are not guaranteed. Based on seven studies, there are three conclusions.

1. **RQ1.** The application of PSAK 216 to recognition, measurement, and depreciation is generally compliant, and disclosure compliance in the first year is high (81.8%–100%). The remaining discrepancies are mainly informational, i.e. the measurement model after the initial acknowledgement, the collateralized assets, the residual value, and the details of the cost of acquisition.
2. **RQ2.** The cost model dominates: only 7.1% of companies recorded asset valuations in 2012–2014, and revaluation is more prevalent in the largest companies.
3. **RQ3.** Relevance to fairness is conditional. Fixed assets and revaluation reserves are relevant to market value in large companies in Indonesia and Malaysia, but one Indonesian study found no effect on value relevance, and an Australian study indicated higher profit management when fair value is set by directors.

Limitations. The corpus consists of only seven studies, five of which are based in

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Indonesia, and one is in the form of a thesis. The size of the results differs between studies, so the synthesis is narrative. The two additional studies on revaluation and profit management are only accessible abstracts and are not included. The search does not use structured queries on subscription databases, journal quartiles are not assessed, and the impact of the 2023 amendments and the numbering of PSAK 216 cannot be measured because the observation period is still short.

Suggestions. Subsequent research should (1) repeat searches on Scopus and Google Scholar with the same criteria and then add a study quality assessment, (2) test P1–P4 with company panel data recorded after 2024, (3) use the same disclosure checklist to make the results between studies comparable, and (4) differentiate between independent assessors and internal assessments.

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