

## **Analysis of Fixed Asset Accounting Treatment at PT. Wismilak Inti Makmur Tbk**

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**Abstract:** This study aims to analyze the accounting treatment of fixed assets at PT Wismilak Inti Makmur Tbk in accordance with the applicable financial accounting standards in Indonesia, particularly PSAK No. 16 concerning Fixed Assets. Fixed assets play a crucial role in supporting the company's operational activities, and their proper recognition, measurement, depreciation, and disclosure are essential for presenting fair and transparent financial reports. The research method used is a qualitative descriptive approach by examining the company's financial statements, accounting policies, and related documentation. The study evaluates whether the company's practices in acquisition, capitalization, depreciation methods, asset valuation, and disposal are consistent with the standards. The results indicate that PT Wismilak Inti Makmur Tbk has generally complied with PSAK No. 16 in the recognition and depreciation of its fixed assets. However, some aspects related to the reassessment of residual value and useful life estimation still require more regular review and documentation to enhance accuracy and transparency. Overall, the company's accounting treatment of fixed assets supports the reliability and comparability of its financial reporting.

**Keywords:** fixed assets, accounting treatment, financial statements

### **INTRODUCTION**

Fixed assets are one of the most important components in a company's financial structure, especially for companies operating in the manufacturing sector (Kalusová & Badura, 2022). These assets, which include land, buildings, machinery, and vehicles, are categorized as long-term tangible resources that are essential for operational activities and future revenue generation (Okobo et al., 2022). Proper recognition, valuation, depreciation, and disposal of fixed assets not only reflect the accuracy of a company's financial statements but also influence stakeholder decisions, including those of investors, creditors, and regulators (Mesioye & Bakare, 2024). Inadequate or incorrect accounting treatment of fixed assets can lead to material misstatements, misleading financial reports, and poor strategic decisions, which ultimately affect the company's financial health and public trust.

In Indonesia, the accounting treatment of fixed assets is governed by PSAK No. 16 (Pernyataan Standar Akuntansi Keuangan No. 16) (Murdana et al., 2023). This standard outlines the procedures for the initial recognition, subsequent measurement, depreciation, revaluation, and disposal of fixed assets (Umiah & Rahmazaniati, 2023). PSAK No. 16 aims to harmonize asset reporting practices to ensure consistency, transparency, and comparability across financial statements. However, the implementation of PSAK No. 16 in the field often faces challenges, especially in companies that have complex asset structures or operate in capital-intensive industries (Natalia et al., 2021). The gap between theoretical accounting standards and their practical application becomes a critical issue, especially for publicly listed companies that are expected to maintain high standards of financial reporting.

PT Wismilak Inti Makmur Tbk, as a publicly listed company engaged in the tobacco manufacturing industry, manages a significant number of fixed assets that play a vital role in supporting its production and distribution processes. The company's financial integrity, operational efficiency, and compliance with regulatory standards depend heavily on how these assets are accounted for. Given the public nature of the company and its obligations to shareholders and financial regulators, the accuracy of fixed asset accounting is a key factor in assessing the company's financial performance and accountability. While PSAK No. 16 provides clear guidance, there remains limited research that thoroughly investigates whether large-scale manufacturing firms such as PT Wismilak Inti Makmur Tbk fully comply with these standards in practice.

Several previous studies have examined the application of PSAK No. 16 in various sectors. Research by (Sari, 2021) found that many companies still encounter inconsistencies in recording and depreciating fixed assets, often due to a lack of understanding or internal control weaknesses. Another study by (Andayani et al., 2024) revealed that proper asset revaluation practices can significantly influence a firm's asset value and stakeholder perception. However, few studies have specifically explored the fixed asset accounting treatment in publicly listed tobacco companies, creating a gap in the literature. This research intends to bridge that gap by focusing on PT Wismilak Inti Makmur Tbk as a case study to analyze the practical implementation of PSAK No. 16.

Therefore, the purpose of this study is to analyze the fixed asset accounting treatment at PT Wismilak Inti Makmur Tbk, specifically in terms of how the company recognizes, measures, depreciates, revalues, and disposes of its fixed assets, and to what extent these practices align with PSAK No. 16. The novelty of this study lies in its focused evaluation of a real-world case in the Indonesian tobacco industry, which remains underrepresented in current literature. The findings are expected to contribute to the development of better accounting practices, assist regulators in assessing company compliance, and provide recommendations for improving fixed asset management in similar industries.

## **THEORETICAL REVIEW**

### **Fixed Assets**

Fixed assets, also referred to as property, plant, and equipment (PPE), are tangible and long-term resources owned by a company for use in its operational activities,

including the production or supply of goods and services, administrative functions, or for rental to third parties (Silifusti & Siswanto, 2025). According to (Barker et al., 2022), these assets are not held for sale in the ordinary course of business and are expected to provide economic benefits over more than one accounting period. Examples of fixed assets include land, buildings, machinery, vehicles, and equipment. In capital-intensive industries, fixed assets usually represent a significant portion of the company's total assets. Therefore, accurate recognition and valuation of these assets are essential to ensure the reliability of financial reporting. In the context of publicly listed companies such as PT Wismilak Inti Makmur Tbk, fixed assets play a strategic role not only in supporting production activities but also in determining depreciation expenses, asset turnover, and overall profitability, which in turn influences the company's financial performance and tax obligations.

### **PSAK No. 16 Fixed Assets**

In Indonesia, the accounting treatment of fixed assets is governed by PSAK No. 16 (Pernyataan Standar Akuntansi Keuangan), which aligns with International Financial Reporting Standards (IFRS) and is adapted by the Indonesian Financial Accounting Standards Board (DSAK IAI) (Murdana et al., 2023). PSAK No. 16 provides comprehensive guidance on the recognition, measurement, depreciation, revaluation, and derecognition of fixed assets (Hartati & Sapurta, 2023). An item of fixed asset shall be recognized as an asset only if it is probable that future economic benefits associated with the asset will flow to the entity and if the cost of the asset can be measured reliably. After initial recognition, companies are required to choose one of two models for subsequent measurement: the cost model, in which assets are carried at cost less accumulated depreciation and impairment, or the revaluation model, in which assets are carried at fair value with revaluation adjustments recorded in other comprehensive income. These models must be applied consistently across the same asset class, and regular revaluations must be conducted to ensure that the carrying amounts reflect fair value. PSAK 16 ensures that fixed asset reporting is done in a transparent, consistent, and comparable manner across reporting periods (Sitorus et al., 2024).

### **Depreciation of Fixed Assets**

Depreciation is defined as the systematic allocation of the depreciable amount of a fixed asset over its useful life (Maffei, 2023). PSAK No. 16 emphasizes that depreciation should reflect the pattern in which the asset's economic benefits are consumed by the entity (Umiah & Rahmazaniati, 2023). Commonly used methods include the straight-line method, declining balance method, and units of production method. The chosen method must best represent the actual usage and wear of the asset over time. Additionally, entities are required to review the residual value and useful life of assets at least annually to ensure the accuracy of depreciation charges. PSAK 16 also introduces the concept of component depreciation, where significant parts of an asset with different useful lives are depreciated separately (Megasari, 2024). Neglecting to reassess these estimates or failing to apply the appropriate method of depreciation may result in material misstatements in financial statements, which can mislead stakeholders and negatively affect decision-making. Thus, accurate depreciation practices are essential for presenting a fair view of the company's financial performance and condition.

## METHODS

This study employs a quantitative descriptive method using a case study approach focused on PT Wismilak Inti Makmur Tbk. The aim is to evaluate the accounting treatment of fixed assets and its compliance with Indonesian Financial Accounting Standards (PSAK) No. 16. According to (Rustamana et al., 2024), quantitative research is used to test theories, present data statistically, and identify relationships between variables, while a case study allows for an in-depth analysis of a single subject. The subject of this study is the accounting treatment of fixed assets at PT Wismilak Inti Makmur Tbk, and the object includes the company's financial statements and accounting policies for the past three years. The main variable fixed asset accounting treatment is examined using indicators such as initial recognition, subsequent measurement, depreciation methods and useful life estimation, revaluation model (if any), asset derecognition, and financial disclosures, all analyzed in line with PSAK No. 16.

The population consists of all publicly available financial reports of PT Wismilak Inti Makmur Tbk, and the sample was selected using purposive sampling, focusing on documents relevant to the study objectives. The sample includes three years of audited annual financial statements and related notes. Data were collected through document analysis, including annual reports, accounting policies, PSAK No. 16, and other applicable accounting standards. All documents were obtained from reliable sources such as the Indonesia Stock Exchange (IDX) and the company's official website. The research instrument used was a structured document analysis checklist based on the indicators outlined in PSAK No. 16, ensuring that each criterion initial recognition, cost measurement, depreciation, revaluation, derecognition, and disclosure was evaluated systematically and objectively.

Data analysis was conducted through content analysis in several stages. First, documents were identified to extract relevant disclosures about fixed asset accounting. Second, the company's treatment of fixed assets was compared with PSAK No. 16, focusing on recognition, depreciation, revaluation (if applicable), derecognition, and financial statement disclosure. Third, a compliance assessment was conducted to determine the degree of conformity with PSAK No. 16 and identify any deviations. Finally, the findings were interpreted to conclude the appropriateness and effectiveness of the accounting practices. To ensure data validity and reliability, the study applied several strategies: (1) using only verified and audited reports from credible sources; (2) triangulation by cross-referencing data across different years and report components; (3) benchmarking analysis based on PSAK No. 16; and (4) peer review by academic and professional reviewers to reduce subjectivity and ensure accurate interpretation.

## RESULTS

### Fixed Asset Classification and Reporting

PT Wismilak Inti Makmur Tbk consistently presents fixed assets as a major component of its non-current assets in the financial statements. The fixed assets are

categorized into land, buildings, machinery and equipment, vehicles, and other supporting assets. All assets are recorded using the cost model as stipulated in PSAK No. 16, where acquisition cost is reduced by accumulated depreciation and any impairment losses. Based on the financial statements analyzed for the years 2011 to 2013, the company does not apply the revaluation model for any of its assets.

### **Initial Recognition and Measurement**

The company recognizes fixed assets when it is probable that the future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably. The initial measurement includes the purchase price, directly attributable costs such as installation and testing, and other expenses necessary to bring the asset to working condition. These practices are in accordance with PSAK No. 16 paragraph 15–16 and were consistently applied throughout the observed years.

### **Depreciation Methods and Useful Life Estimation**

Depreciation is applied using the straight-line method, and useful life estimates vary based on asset type 20 to 30 years for buildings, 10 to 20 years for machinery, and 5 to 10 years for vehicles. Land is not depreciated, which complies with PSAK No. 16. However, the company does not explicitly disclose any annual review of residual values and useful lives, as required by the standard. This absence is noted in the notes to the financial statements.

### **Derecognition and Disposal of Assets**

The company properly derecognizes fixed assets from the financial statements when the asset is disposed of or when no future economic benefits are expected. Gains or losses arising from derecognition are presented in the profit or loss statement. The amount recognized reflects the difference between the net disposal proceeds and the carrying amount of the asset, which conforms to PSAK No. 16 paragraph 67.

### **Disclosure in Financial Statements**

Disclosures related to fixed assets are presented comprehensively in the notes to financial statements. These include classification of assets, initial cost, accumulated depreciation, depreciation method, and changes during the year. However, disclosures about impairment assessments and reviews of asset useful life are limited or not provided. This indicates partial compliance with the full disclosure requirements of PSAK No. 16.

## **DISCUSSION**

The results indicate that PT Wismilak Inti Makmur Tbk adheres substantially to the provisions of PSAK No. 16 in its fixed asset accounting treatment. The use of the cost model and application of the straight-line method reflect a conservative and standardized approach commonly adopted by public companies in Indonesia. The classification and recognition criteria meet the expected standards, ensuring that only assets which bring measurable and probable economic benefits are capitalized.

However, the lack of an annual review of useful lives and residual values represents a weakness in policy implementation. PSAK No. 16 paragraph 51 requires entities to reassess these estimates regularly, as changes in usage, technology, or external economic conditions may affect asset valuation. Without such reviews, the depreciation expense and book value of assets may not reflect actual conditions, which could mislead financial statement users.

Furthermore, while disclosures related to asset classification and movement schedules are satisfactory, the absence of information on impairment testing is notable. In dynamic business environments, impairment losses may occur due to technological obsolescence or market changes. The lack of transparency in this area could impact the reliability and completeness of the financial information presented. Overall, although compliance is generally good, certain procedural improvements are necessary to ensure full alignment with PSAK No. 16 and to enhance the credibility of the company's financial reporting.

## **CONCLUSION**

This study concludes that PT Wismilak Inti Makmur Tbk has generally implemented the accounting treatment for fixed assets in accordance with PSAK No. 16. The company recognizes, measures, and depreciates its fixed assets using the cost model and the straight-line depreciation method, as prescribed by the standard. The recognition criteria are applied appropriately, and disclosures regarding asset categories, acquisition cost, and depreciation methods are adequately presented in the financial statements. However, the study also identifies several areas that require improvement. Specifically, the company does not provide clear evidence of conducting annual reassessments of useful lives and residual values, which is a key requirement under PSAK No. 16. Furthermore, disclosures related to impairment reviews and updates to fixed asset policies are still limited, potentially affecting the transparency and completeness of financial reporting.

To enhance compliance and improve the quality of financial statements, it is recommended that PT Wismilak Inti Makmur Tbk conduct and document annual reviews of the useful lives and residual values of its assets. Additionally, the company should provide more comprehensive disclosures related to impairment testing and asset revaluation policies to increase transparency for stakeholders. It is also important for the company to regularly update its accounting policies for fixed assets in accordance with the latest applicable financial reporting standards. By addressing these areas, PT Wismilak Inti Makmur Tbk can strengthen its accountability, improve decision-making for internal and external users, and align more closely with international best practices in financial reporting.

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