JAA
e-ISSN: 2622-2434

Jurnal Aplikasi Akuntansi

https://jaa.unram.ac.id/index.php/jaa/index
Vol. 9 No. 2 Tahun 2025

# DETERMINANTS OF FIXED ASSET REVALUATION DECISIONS WITH FIRM SIZE AS A MODERATING VARIABLE

**Nur Havifa Safitri[1], Kholilah[2]**

[1,2]Faculty of Economics, Universitas Islam Negeri Maulana Malik Ibrahim Malang, Indonesia

Received: November 18th, 2024
Accepted: February 6 th, 2025

**Corresponding Author:**
Name: Nur Havifa Safitri
Email: nurhavifasafitri06@gmail.com

**DOI:** 10.29303/jaa.v9i2.536

**HOW TO CITE:**
Safitri, N. H., & Kholilah, K. (2025). DETERMINANTS OF FIXED ASSET REVALUATION DECISIONS WITH FIRM SIZE AS A MODERATING VARIABLE. Jurnal Aplikasi Akuntansi, 9(2), 383–398. https://doi.org/10.29303/jaa.v9i2.536



**Abstrak:** Penelitian ini menggunakan *firm size* sebagai variabel moderasi untuk menyelidiki bagaimana keputusan revaluasi aset tetap dipengaruhi oleh intensitas aset tetap, *leverage*, likuiditas, arus kas operasi, dan pertumbuhan perusahaan. Seluruh objek penelitian adalah perusahaan di industri keuangan yang terdaftar di BEI. *Purposive sampling* menghasilkan 90 organisasi dengan total data observasi sebanyak 450 berdasarkan kriteria sebagai berikut: perusahaan yang terdaftar di BEI pada tahun 2019-2023, menerbitkan laporan tahunan secara lengkap pada tahun 2019-2023, memiliki aset tetap secara berturut-turut selama tahun 2019-2023, dan perusahaan yang menggunakan mata uang rupiah sebanyak 90 perusahaan dengan total data observasi sebanyak 450. Data yang terkumpul dianalisis dengan menggunakan regresi logistik dan analisis regresi moderasi untuk pengujian hipotesis. Hasil penelitian menunjukkan bahwa keputusan untuk melakukan revaluasi aset tetap dipengaruhi oleh intensitas aset tetap dan likuiditas, yang mengindikasikan bahwa perusahaan dengan intensitas aset tetap yang tinggi dan likuiditas yang rendah lebih mungkin untuk melakukan revaluasi. Sementara itu, *leverage*, arus kas operasi, atau perkembangan perusahaan tidak berpengaruh. Hasil ini menunjukkan bahwa elemen yang mempengaruhi keputusan perusahaan untuk melakukan revaluasi aset tetap bukanlah *leverage*, arus kas operasi, atau pertumbuhan perusahaan. Dampak hutang dan likuiditas terhadap pilihan revaluasi aset tetap kemudian diperkuat oleh *firm size* sebagai elemen moderasi. Implikasi dari penelitian ini menunjukkan bahwa metode revaluasi dapat menaikkan relevansi dan kualitas informasi yang ditampilkan pada laporan keuangan karena motivasi dalam melakukan revaluasi aset tetap adalah mendapatkan informasi terkait nilai wajar aset tetap. Kebijakan manajemen terkait revaluasi aset tetap merupakan salah satu cara untuk membuat kinerja perusahaan meningkat.

**Kata kunci: Firm Size, Intensitas Aset Tetap, Leverage, Likuiditas, Revaluasi Aset Tetap**

***Abstract***: *This study uses firm size as a moderating variable to investigate how fixed asset revaluation decisions are impacted by fixed asset intensity, debt, liquidity, operating cash flow, and company growth. All of the study's objects are businesses in the financial industry that are listed on the IDX. Purposive sampling yielded 90 organizations with a total observation data of 450 based on the following criteria: companies listed on the IDX in 2019-2023, publishing complete annual reports in 2019-2023, having fixed assets consecutively during 2019-2023, and companies that use rupiah currency are 90 companies with a total observation data of 450. The collected data were analyzed using logistic regression and moderation regression analysis for hypothesis testing. The results showed that the decision to revalue fixed assets is influenced by both fixed asset intensity and liquidity, indicating that businesses with high fixed asset intensity and low liquidity are more likely to decide to revalue. Leverage, operating cash flow, or company development have no impact. This result suggests that elements influencing a firm's decision to revalue its fixed assets are not leverage, operating cash flow, or company growth. The impact of debt and liquidity on fixed asset revaluation choices is then reinforced by business size as a moderating element. The implications of this research indicate that the revaluation method can enhance the relevance and quality of the information presented in financial statements because the motivation for revaluing fixed assets is to obtain information related to the fair value of fixed assets. Management policies for evaluating fixed assets are one way to improve the company's performance.*

***Keywords: Fixed Asset Revaluation, Fixed Asset Intensity, Leverage, Liquidity, Firm Size***

## INTRODUCTION

Indonesia Financial Accounting Standards (IFAS/PSAK) No. 16, which has been issued by the Indonesian Institute of Accountants (IAI), regulates fixed assets and is used as a reference for companies in Indonesia in treating their fixed assets. Fixed assets are tangible assets owned by the company that are used in the company's main activities or operations for more than one period. In 2011, PSAK 16 was revised again and introduced a revaluation model that allowed companies to revalue their fixed assets, which began to be established in 2012. Then, PSAK 16 (Revised 2015), which refers to the International Accounting Standard (IAS) 16, further confirms that there are two models available for measurement following the initial measurement of fixed assets: the revaluation model, which measures fixed assets at fair value, and the cost model, which is based on acquisition cost less cumulative depreciation.

Revaluation is revaluing fixed assets (Latifa & Haridhi, 2016). The value of fixed assets may fluctuate due to revaluation, occasionally increasing and sometimes reducing. Fixed assets are revalued such that the value in the financial statements reflects the actual worth. The emergence of PSAK 16, which allows companies to choose between

the acquisition cost and revaluation methods in the valuation of fixed assets, has caused controversy in the form of differences in the measurement of fixed asset values (Yulistia et al., 2021). PSAK 16 changed to PSAK 216 in 2024, but the author still uses the old PSAK, namely PSAK 16, because the data in this study only reaches 2023.

At the beginning of the issuance of PSAK 16, several studies stated that there were still few companies that revalued their assets. Previous research states that only five manufacturing companies out of 113 in 2012 and 2013 revalued their fixed assets (Yulistia et al., 2015). This number is partly due to the many assumptions about the cost of revaluation, which is quite expensive (Seng & Su, 2010). Furthermore, Azizah (2022) stated that of the total 787 companies listed on the IDX in the 2016-2020 period, 80.30%, or 632 companies, did not revalue their fixed assets, and only 19.70%, or 155 companies revalued. These results indicate that the majority of companies in Indonesia still need to revalue their fixed assets. Nevertheless, the data shows that the development of companies that chose the revaluation model in Indonesia from 2016 to 2020 has fluctuated (Azizah, 2022). These fluctuations are due to several factors influencing companies to choose a revaluation model.

Several studies have identified factors influencing businesses' decisions to revalue their fixed assets. Tay's (2009) study demonstrates that business size and fixed asset intensity impact fixed asset revaluation decisions. Tay (2009) also revealed that leverage and liquidity negatively impact judgments on the revaluation of fixed assets. Research by Salsabil & Alliyah (2024) demonstrates that firm Size, leverage, and fixed asset intensity all positively impact fixed asset revaluation. Research by Teruni et al. (2022) demonstrates that while liquidity has a negative impact, fixed asset intensity and leverage have a positive one. The research of Diantimala et al. (2019) revealed that operating cash flow has a negative impact. However, research by Faisal and Murwaningsari (2019) and Haykal and Munira (2021) proves that leverage and company growth have no effect. The studies disclosed above prove differences in research results from time to time.

This research is a development of the research of Salsabil & Alliyah (2024) and Teruni et al. (2022) by adding two independent variables, namely operating cash flow and company growth, and one moderating variable, firm Size. Operating cash flow is the amount obtained from the company's operational activities, which is the most critical component in determining the company's ability to generate money to pay loans. If the company's operating cash flow decreases, concerns will impact the creditor's decision regarding the loan to be given Seng & Su (2010). Therefore, companies will revalue fixed assets to improve operating cash flow (Barac & Sodan, 2011). By revaluing, the company's operating cash flow will increase.

The following additional independent variable is company growth. Company growth is an increase in the value of the company's total assets, showing asset growth in a certain period. Companies that experience positive growth show that they are rapidly expanding and progressing, which requires sizeable external funding sources and tends to rely on debt capital (Satriawan & Baroroh, 2021). As the company develops, management will decide to revalue fixed assets and provide fair value information so that creditors know the current value of fixed assets that can be used as debt collateral. According to the signalling theory, company management can convey signals to external parties using the information they possess. By choosing the revaluation method, management can demonstrate information related to the company's strong growth or financial prospects through the actual asset value as a good signal for the market and external parties.

The third distinction is the inclusion of firm size as a moderating factor. The firm size scale, employed as a moderating variable in this study, describes a company's size

and the amount of assets used. According to positive accounting theory, firm Size is a guide to political costs; as the company's risk increases, so will political expenses (Watts & Zimmerman, 1990). Companies often utilize accounting procedures to mitigate the impact of political costs, and one successful method is to revalue. As a result, the larger the organization, the more likely it is to revalue its fixed assets. Based on this premise, this study aims to conduct empirical research on the effect of fixed asset intensity, debt, liquidity, operating cash flow, and company growth on fixed asset revaluation decisions, with firm size as a moderator.

This research was conducted on financial sector companies listed on the Indonesia Stock Exchange (IDX). Financial sector companies, which also include banking, are the sectors that carry out revaluations. Banking is considered a company that makes significant enough use of fixed assets for its operational activities (Yulistia et al., 2021). The extensive use of fixed assets causes an enormous potential for companies to revalue their assets. Furthermore, according to data from Fortune, the most significant assets of companies in Indonesia come from the financial and banking sectors. This statement is shown in Figure 1 below.

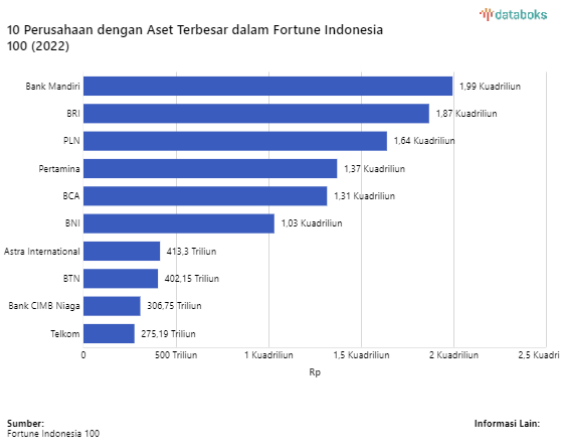


**Figure 1. Data on 10 Companies with the Largest Assets**

Source: databoks.katadata.co.id

The data in Figure 1 shows that the ten companies that have financial sector companies dominate the most significant assets, more precisely banking. Bank Mandiri occupies the first position, followed by BRI in the second position, followed by BCA, BNI, BTN, and Bank CIMB Niaga. Companies with significant and long-term assets will tend to revalue because changes in the market value of assets owned can affect the company's financial condition.

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Positive Accounting Theory

Positive accounting theory describes the most appropriate use of knowledge, expertise, and accounting policies to handle different situations in the future. Positive accounting theory explains why companies and parties involved in financial statements want to apply specific accounting policies (Watts & Zimmerman, 1990). Positive accounting theory aims to predict and explain managerial decisions by examining the costs and benefits of resource allocation and the disclosure of specific financial information about diverse individuals.

Positive accounting theory is used in this study to describe managers' efforts to explain the company's predicament by selecting the revaluation model. This theory predicts the outcome of the decision to apply the revaluation method for asset revaluation. As a result, positive accounting theory is used to forecast and explain how

fixed asset intensity, leverage, liquidity, operating cash flow, and company growth affect fixed asset revaluation, with firm size as a moderating variable.

**Signalling Theory**

Signalling theory explains that the company, as the owner of the information, provides signals to the recipient or users of financial statements (Spence, 1973). The signal supplied can be in the form of information about the company's efforts to maximize the profits obtained and the company's prospects in the future (Sartika & Syahdan, 2020). The information provided by the company is beneficial for external parties in making decisions and identifying and analyzing the risks owned by each company. Information related to the company's accounting policies or methods will also greatly assist external parties in assessing the company. The availability of appropriate and relevant information will boost the company's value and reputation by providing the best to external parties. External parties tend to judge the company negatively if internal parties do not have appropriate information about the company's prospects (Pradita & Suryono, 2019).

**Hypothesis Development**

Fixed asset intensity refers to the scale of the company's assets, which comprise the company's fixed assets (Tay, 2009). In general, fixed assets make up the most significant of a company's assets, increasing its value. Companies choose to revalue their fixed assets so that the financial statements reflect their fair value. Revaluation of fixed assets will increase the value of fixed assets and the depreciation expense, resulting in reduced profitability reporting (Nailufaroh, 2019). This result is consistent with positive accounting theory, which states that corporations do revaluations to minimize political costs (Kholilah et al., 2024). Depreciation expense reduces profits, which reduces the company's tax liability.

Lin and Peasnell (2000) discovered a positive correlation between fixed asset intensity and a firm's choice to revalue its fixed assets. Fixed asset intensity requires intensive revaluation since high asset values raise depreciation expenses, reducing the company's profit and allowing the corporation to minimize political expenditures. According to studies from Latifa & Haridhi (2016), Fioni et al. (2019), Teruni et al. (2022), and Salsabil & Alliyah (2024), a high degree of fixed asset intensity leads to the use of the revaluation approach. Lin & Peasnell (2000a) conducted research that supported findings outside of Indonesia, which was then strengthened by Tay's (2009) findings.
H1: Companies with high fixed asset intensity usually choose to revalue fixed assets.

In their research, Barac and Sodan (2011) suggested that businesses with a high debt ratio are more likely to utilize the revaluation technique because it reduces the debt ratio's value. This research is consistent with positive accounting theory, which states that managers choose the revaluation approach to fulfil debt contracts while avoiding violating debt contract pledges (Prabandari & Kholilah, 2024). If the corporation revalues, the carrying value of fixed and total assets will grow, allowing it to reduce its high leverage rate. Given the company's solid financial condition, creditors will be prepared to loosen debt limitations and lower interest rates (Lin & Peasnell, 2000a).

Leverage in this study can be quantified using the debt-asset ratio (DAR), which compares the quantity of corporate debt to the number of business assets. Managers will elect to revalue assets if the company's total assets are low because revaluing raises the value of all assets, lowering the company's leverage level. In other words, the more significant the company's leverage, the more it prefers the revaluation method. This

aligns with research in Indonesia by Teruni et al. (2022), Firmansyah et al. (2017), Diantimala et al. (2019), and Salsabil and Alliyah (2024).
H2: Companies with a high level of leverage usually choose to revalue fixed assets.

Liquidity evaluates a company's ability to pay its current liabilities on time. The company's decision to revalue fixed assets is influenced by its liquidity position. If the firm's liquidity is poor, it suggests that it is unable to meet its present obligations; therefore, the corporation is advised to revalue its fixed assets. Revaluing fixed assets helps estimate how much money may be made by selling them (Jannah & Diantimala, 2018). According to positive accounting theory, managers will prioritize revaluation methods that increase the value of assets to maintain creditor confidence in the company's ability to meet its obligations, allowing it to meet contractual costs and increase borrowing. Companies with limited liquidity revalue fixed assets more frequently, whereas those with sufficient liquidity are less likely to do so (Tay, 2009). This argumentation is corroborated by research by Teruni et al. (2022), Jaya et al. (2020), and Faisal and Murwaningsari (2019), which show that liquidity affects the decision to revalue fixed assets.
H3: Companies with low liquidity usually choose to revalue fixed assets.

Operating cash flow is the amount of money generated by the company's primary activity. Revaluation will boost operating cash flow, allowing the corporation to send favourable signals to external parties (Poerwati et al., 2020). Concerns will arise due to a drop in operating cash flow (Seng & Su, 2010). However, if the asset value is high, the company can retain the trust of external parties despite the drop in cash flow (Yulistia et al., 2021). Revaluation of fixed assets improves operating cash flow due to increased assets. As a result, when operating cash flow declines, organizations are more inclined to revalue fixed assets (Barac & Sodan, 2011). Research results from Diantimala et al. (2019) also prove that operating cash flow influences the choice to revalue fixed assets.
H4: Companies with low operating cash flow usually choose to revalue fixed assets.

Company growth is an increase in the value of the company's total assets, which shows the rate of change in assets during a specific period compared to the previous period. Past asset growth represents company profitability (Satriawan & Baroroh, 2021). Signal theory explains that company management sends signals to external parties using their information. By choosing the revaluation method, management can show information related to the company's strong growth or financial prospects through the actual asset value as an excellent signal to the market and external parties.

Companies that experience positive growth show that they are in a rapid progress and expansion process, which requires sizeable external funding sources and tends to rely on debt capital (Sitepu & Silalahi, 2019). As the company grows, management will decide to revalue fixed assets and send positive signals to external parties through fair value information to determine the current value of fixed assets that can be used as debt collateral. This revaluation can convince creditors or investors that the company has valuable assets and can maintain company growth. Research by Sitepu and Silalahi (2019) proves that companies will choose revaluation in high growth. However, this statement is different from research from Satriawan & Baroroh (2021) and Haykal & Munira (2021), which say that company growth does not affect companies regarding revaluation decisions.
H5: Companies with high company growth usually choose to revalue fixed assets.

Teruni et al. (2022) and Salsabil and Alliyah (2024) conducted research that found that fixed asset intensity influences revaluation decisions positively. According to the research, organizations with a high fixed asset intensity revalue their assets to represent

their fair value. Revaluation can reduce reported profitability by increasing the value of asset depreciation expense so that companies can reduce the political costs that arise.

Research results from Salsabil & Alliyah (2024) revealed a favourable correlation between firm Size and fixed asset revaluation. The study revealed that large companies are more inclined to revalue their fixed assets. Large companies have better resources, from the ability to bear the cost of revaluation and access to more complete information. Large companies choose revaluation to reduce political pressure and costs by avoiding reporting high profits (Kholilah et al., 2024). The company will reduce reported profits by increasing fixed asset revaluation and increasing depreciation expense. With this positive influence, it is assumed that firm size can influence other independent variables and the revaluation variable.

H6: Large companies with high fixed asset intensity usually choose to revalue fixed assets.

Research by Teruni et al. (2022) and Salsabil and Alliyah (2024) found that the larger a company's debt, the more likely it will revalue its fixed assets. High leverage will undoubtedly impair investor or creditor confidence and the company's borrowing capabilities. Research conducted by Salsabil and Alliyah (2024) supports that business size influences a company's decision to revalue its fixed assets. In the face of a high debt situation, multinational corporations will likely seek to revalue their assets to strengthen their financial position and maintain creditor faith. This statement aligns with positive accounting theory, which states that corporations will fulfil debt commitments and avoid breaching them by revaluing their assets, which will improve asset value while decreasing corporate leverage.

H7: Large companies with high leverage usually choose to revalue fixed assets.

The findings of Nailufaroh (2019) and Teruni et al. (2022) indicate that liquidity has a detrimental impact on the choice to revalue fixed assets. Low liquidity levels drive corporations to execute revaluations to boost their assets' value and improve their financial position. Revaluation can indicate the expected cash flow from asset sales to meet debt obligations in this approach. However, research by Faisal and Murwaningsari (2019) found that liquidity has a beneficial influence since enterprises with high levels of liquidity have good financial resources and the ability to undertake revaluations.

Large companies with a low level of liquidity will revalue their assets to improve their financial position and market views. Positive accounting theory states that management in large companies tends to choose the revaluation method to meet contractual costs (Kholilah et al., 2024). In line with research from Salsabil and Alliyah (2024), firm size affects the choice of the revaluation method. The larger the company, the more likely it will decide to revalue its fixed assets.

H8: Large companies with low liquidity usually choose to revalue fixed assets.

Diantimala et al. (2019) found that operating cash flow affects the revaluation of fixed assets. A decline in operating cash flow raises concerns about the company's capacity, but if total assets are solid, external parties will remain confident in the company's ability. Revaluation of fixed assets will improve the asset's value and depreciation expenditure, enhancing operating cash flow and allowing the corporation to minimize political costs. Large corporations also revalue their assets to minimize political pressure and expenses. Salsabil and Alliyah (2024) found that firm size influences the choice to revalue fixed assets. Large corporations tend to revalue even if cash flow decreases or operating cash flow is poor because large corporations can finance the revaluation process while maintaining the company's credibility and reputation. However, Poerwati et al. (2020) demonstrate that operational cash flow favours fixed asset revaluation since enterprises with high operating cash flow are more

inclined to revalue to improve their financial position and raise the capacity of secured loans.

H9: Large companies with low operating cash flow usually choose to revalue fixed assets.

Research from Sitepu and Silalahi (2019) found that company expansion benefits fixed asset revaluation. In other words, if the company's growth rate grows, so will its ability to revalue its fixed assets. Research Salsabil & Alliyah (2024) found that size influences fixed asset revaluation decisions. Large companies tend to choose the revaluation method in response to company growth, which aims to maintain the accuracy and transparency of financial statements. Information in the financial statements will indicate to investors and creditors the company's ability to maintain its reputation while growing.

H10: Large companies with high company growth usually choose to revalue fixed assets

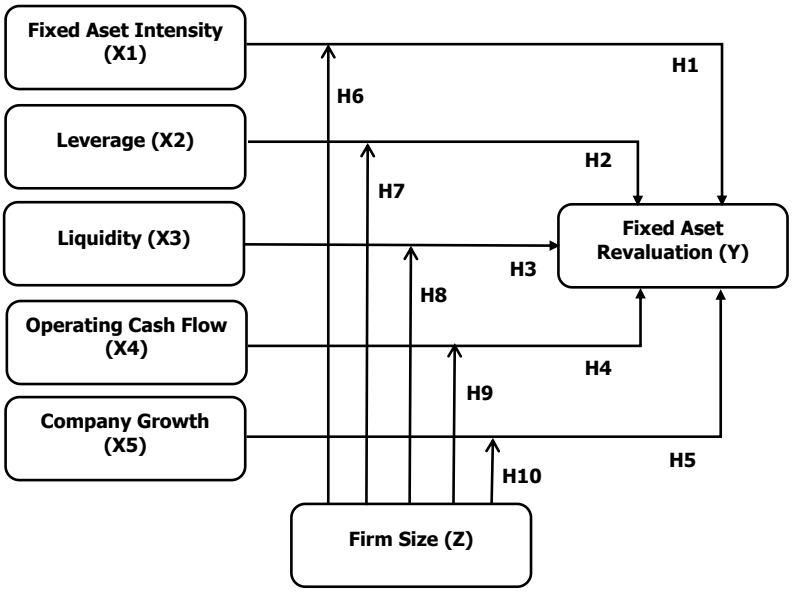


**Figure 2. Research Model**

## RESEARCH METHOD

This quantitative study tests the hypothesis regarding the independent variable's influence on the dependent variable. The research was carried out on the official IDX website. According to IDX website data, the population includes 104 financial sector enterprises. Purposive sampling was utilized in this research, which is a strategy for sampling that employs specific criteria customized to the research aims and researcher requirements. Based on these criteria, 90 companies were identified that met them.

**Table 1. Sample Selection Criteria**

| No | Description | Total |
|---|---|---|
| | **Total Population** | **104** |
| 1 | Companies that delisted from IDX in 2019-2023 | (7) |
| 2 | Companies that did not publish a comprehensive annual report from 2019-2023 | (5) |
| 3 | Companies that do not have fixed assets in a row during 2019-2023 | (2) |
| 4 | Companies that do not use the Rupiah currency | (0) |
| | Number of Samples | 90 |
| | Research Period 2019-2023 | 5 |
| | Total Observation Data | 450 |

The dependent variable in this study is fixed asset revaluation, and the independent variables are fixed asset intensity, leverage, liquidity, operating cash flow, and company growth. The study also employs moderating variables, including firm size. Table 2 below shows the definitions for each variable:

**Table 2. Operational Definition of Variables**

| Variable | Definition | Measurement |
|---|---|---|
| RVA | Fixed asset revaluation determines the actual value of a company's fixed assets. (Nailufaroh, 2019). | 1 = Companies that do revaluation<br>0 = Companies that do not revalue<br>(Salsabil & Alliyah, 2024) |
| FAI | Fixed asset ratio compared to total assets (Fathmaningrum & Yudhanto, 2019). | $\text{FAI} = \frac{\text{Total Fixed Assets}}{\text{Total Assets}}$<br>(Jaya et al., 2020) |
| LVR | Ratio to measure the level of company assets funded by debt (Salsabil & Alliyah, 2024). | $\text{DAR} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$<br>(Salsabil & Alliyah, 2024) |
| LQD | A ratio estimates a firm's ability to repay short-term debt based on its current assets (Teruni et al., 2022). | $\text{CR} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$<br>(Teruni et al., 2022) |
| OCF | Cash receipts and disbursements related to the company's operating activities (Haykal & Munira, 2021). | $\text{CFFO} = \frac{\text{CFO t} - \text{CFO t} - 1}{\text{Total Fixed Asset}}$<br>(Fathmaningrum & Yudhanto, 2019) |
| GRW | The percentage of changes in the company's assets in a given period compared to the prior period (Satriawan & Baroroh, 2021). | $\text{Growth} = \frac{\text{Total Assets t} - \text{Total Assets t} - 1}{\text{Total Assets t} - 1}$<br>(Satriawan & Baroroh, 2021) |
| FSZ | Classification of the company's size (Prabandari & Kholilah, 2024). | $\text{Firm size} = \text{Ln (Total Assets)}$<br>(Teruni et al., 2022) |

This study employs descriptive statistical data analysis approaches and logistic regression with the assistance of Econometric Views (Eviews) software. Logistic regression is essential because the dependent variable in this study is measured using a dummy variable, which yields a value of 1 for companies that revalue and 0 for companies that do not. The equation model in this study is as follows:

$$\text{Ln}\ \frac{\text{RVA}}{\text{1-RVA}} = \alpha + \beta 1\text{FAI} + \beta 2\text{LVR} + \beta 3\text{LQD} + \beta 4\text{OCF} + \beta 5\text{GRW} + e \ldots. \text{(model 1)}$$

The moderation test equation for this study can be described as follows:

$$\text{Ln}\ \frac{\text{RVA}}{\text{1-RVA}} = \alpha + \beta 1\text{FAI} + \beta 2\text{LVR} + \beta 3\text{LQD} + \beta 4\text{OCF} + \beta 5\text{GRW} + \beta 6{*}\text{FSZ} + \beta 7\text{FAI}{*}\text{FSZ} + \beta 8\text{LVR}{*}\text{FSZ} + \beta 9\text{LQD}{*}\text{FSZ} + \beta 10\text{OCF}{*}\text{FSZ} + \beta 11\text{GRW}{*}\text{FSZ} + e \ldots. \text{(model 2)}$$

## RESULTS AND DISCUSSION

Based on purposive sampling that has been carried out, 90 companies that meet the criteria are obtained as research samples with 5 years of research, namely 2019-2023, so that 450 observation data are obtained. Then, the data is processed using Eviews 12. The following are the results of descriptive statistics of all variables of this study.

According to the research findings in Table 4, out of 450 observation data on financial sector enterprises, 30% revalued their fixed assets for the 2019-2023 timeframe, while 70% did not. After determining the initial conditions of the total sample,

the next researcher used the Hosmer and Lemeshow test to perform a regression model feasibility test (Goodness of Fit). The Hosmer and Lemeshow test yielded an H-L statistic score of 8.847 with a significance level of 0.355. Both values are more significant than 0.05, indicating that the observation model fits the observed data. This result indicates that the regression model is appropriate for use.

**Table 3. Results of Descriptive Statistics Variable**

| Variable | Mean | Median | Maximum | Minimum | Std. Dev. | Obs. |
|---|---|---|---|---|---|---|
| RVA | 0.300 | 0.000 | 1.000 | 0.000 | 0.458 | 450 |
| FAI | 0.033 | 0.020 | 0.359 | 0.000 | 0.046 | 450 |
| LVR | 0.851 | 0.706 | 64.650 | 0.000 | 3.305 | 450 |
| LQD | 34.297 | 1.362 | 5655.762 | 0.042 | 289.170 | 450 |
| OCF | -7.780 | -0.007 | 1121.926 | -2029.373 | 155.205 | 450 |
| GRW | 0.108 | 0.054 | 5.620 | -0.744 | 0.415 | 450 |
| FSZ | 29.797 | 29.848 | 35.315 | 21.993 | 2.372 | 450 |

**Table 4. Results of Descriptive Statistics RVA**

| | Count | Percent | Cumulative Count | Cumulative Percent |
|---|---|---|---|---|
| No Revaluation | 315 | 70.00 | 315 | 70.00 |
| Revaluation | 135 | 30.00 | 450 | 100.00 |

The test findings in Table 5 reveal that the R-Square value achieved is 0.106, indicating that fixed asset intensity, leverage, liquidity, operating cash flow, and company growth can explain 10.6% of fixed asset revaluation choices. According to Table 5, the regression coefficient for fixed asset intensity is 15.036 and positive, with a significance level of 0.000. This result demonstrates that the significance value is less than 0.05, indicating that H1 is accepted. This result implies that the higher the intensity of the company's fixed assets, the more likely the company will revalue them. These findings confirm positive accounting theory, which argues that corporations will revalue to avoid political costs (Kholilah et al., 2024).

By revaluing, the asset value and depreciation expense will increase, reducing earnings and allowing the corporation to lower taxes. These findings suggest that the fixed asset intensity variable is one of the factors that can encourage companies to revalue their assets, which is consistent with Poerwati et al. (2020) and Salsabil & Alliyah (2024) who state that companies with high fixed asset intensity prefer to revalue because it can reflect true value. Furthermore, by revaluing the asset, the company will profit from the anticipated cash flow when it is sold (Fioni et al., 2019). However, the findings of this study contradict Nailufaroh (2019), who explains that companies with low fixed asset intensity tend to revalue, and Dedrick & Tedjasuksmana (2019), who demonstrate that when making revaluation decisions, companies do not consider the intensity of their fixed assets.

The research results for leverage indicate a significance level of 0.338 and a regression coefficient of -0.104. Based on these findings, H2 is rejected, indicating that the company's degree of indebtedness has no bearing on its decision to revalue its fixed assets. These findings do not support positive accounting theory, which states that corporations with significant leverage will revalue to meet debt obligations and avoid contract violations. This result aligns with research from Faisal and Murwaningsari (2019) and Jannah and Diantimala (2018), which prove that leverage is not a factor that motivates companies to revalue fixed assets because lenders need to consider

revaluation in the debt ratio, so it is uncertain whether revaluation will increase the borrowing capacity that the company will obtain (Lin & Peasnell, 2000a). Teguh et al. (2022) explain that revaluation policies to avoid failure to pay on debt contracts will reduce management credibility and increase contractual costs in the future. In addition, managers prefer not to revalue fixed assets to stabilize company profits (Prabandari & Kholilah, 2024). Management also tries to maintain transparency to creditors and the public regarding the company's low and high leverage levels so that this will not impact the decision to revalue fixed assets. Teruni et al. (2022) and Salsabil and Alliyah (2024) stated that leverage is a factor that encourages companies to revalue their fixed assets.

**Table 5. Logistic Regression and Moderation Analysis Results**

| Variable | Model 1 | | | Model 2 | | |
|---|---|---|---|---|---|---|
| | B | z-stat | Prob | B | z-stat | Prob |
| Constant | -1.051 | | | -2.459 | | |
| FAI | 15.036 | 4.728 | *0.000 | 63.493 | 1.005 | 0.314 |
| LVR | -0.104 | -0.956 | 0.338 | -13.892 | -3.170 | 0.001 |
| LQD | -0.090 | -2.524 | *0.011 | -2.995 | -2.554 | 0.010 |
| OCF | 0.001 | 0.649 | 0.516 | -0.074 | -0.688 | 0.491 |
| GRW | 0.575 | 1.792 | 0.073 | 8.231 | 1.496 | 0.134 |
| FAI*FSZ | | | | -1.376 | -0.632 | 0.527 |
| LVR*FSZ | | | | 0.487 | 3.633 | *0.000 |
| LQD*FSZ | | | | 0.101 | 2.554 | 0.010 |
| OCF*FSZ | | | | 0.002 | 0.738 | 0.460 |
| GRW*FSZ | | | | -0.244 | -1.408 | 0.159 |
| R-Square | 0.106 | | | 0.254 | | |

*significance <0.05 & hypothesis accepted

The results of hypothesis testing in Table 5 demonstrate that liquidity has a significance of 0.010 and a regression coefficient of -0.090. This result demonstrates that corporations with little liquidity will want to revalue their fixed assets, and H3 is approved. This result is consistent with Teruni et al. (2022), who explain that enterprises with inadequate liquidity typically carry out fixed asset revaluation to increase creditor confidence. This result is consistent with positive accounting theory, which states that managers will be encouraged to revalue because it can increase the value of assets to maintain creditor confidence in the company's ability to fulfil its obligations, allowing it to avoid contractual costs and increase loan amounts. Faisal and Murwaningsari (2019) also explained that with revaluation, the company will obtain information about cash expectations from asset sales to meet contractual costs and increase borrowing capacity because it gets creditors' trust.

Operating cash flow has a regression coefficient value of 0.001 and a significance level of 0.516, indicating that H4 is rejected. According to the study, operating cash flow does not motivate corporations to revalue. Haykal & Munira (2021) explain that a decrease in operating cash flow or low cash flow generated from company operations will make companies try to increase it by generating cash in real terms because revaluation can incur high costs that are not comparable to the benefits obtained. Furthermore, according to Fathmaningrum and Yudhanto (2019), operating cash flow does not affect the firm's ability to revalue. It is only one component of overall cash flow, so the company does not rely solely on cash flow from operations. Low operating cash flow might be offset by cash flow from other activities (Seng & Su, 2010). Debtors may focus more on overall cash flow, so information on operating cash flow cannot encourage companies to revalue (Yulistia et al., 2021). This conclusion contradicts Jaya et al. (2020) that operating cash flow leads enterprises to revalue fixed assets.

Company growth obtained a regression coefficient value of 0.575 with a significance level of 0.073, indicating that company growth does not affect companies' choice of the revaluation technique since the significance value is more than 0.05, so H5 is rejected. This result is in line with Satriawan & Baroroh (2021), which states that company growth does not encourage companies to choose the revaluation method because companies that grow fast or slow always need capital, especially fixed assets, to increase profitability in the future. If you continue to revalue fixed assets, the total assets will increase, political costs will increase, and stakeholders will be made more aware of the company. This study does not prove the signalling theory, which states that companies conduct revaluation because it can send signals to external parties related to information on the fair value of fixed assets that can be used as collateral. In growth conditions, companies need considerable funds to finance profitable projects and expand the scope of their business. However, the revaluation of fixed assets causes company funds to be used for revaluation costs (Haykal & Munira, 2021).

The hypothesis testing table shows that H6 is rejected because the significance level obtained is 0.527, meaning that firm size does not attenuate the influence of fixed asset intensity on fixed asset revaluation decisions. These findings demonstrate that a large corporation with high fixed asset intensity does not motivate the company to revalue fixed assets. Large companies in positive accounting theory are said to have much pressure from interested parties and the public and try to avoid it (Salsabil & Alliyah, 2024). For this reason, companies do not revalue because revaluation can invite public attention due to increased asset values, and large companies do not need to revalue to improve financial ratios because their financial position is stable and robust. Large companies also prefer not to revalue because they are encouraged to avoid the increasing tax that must be paid on the value of the revaluation difference (Evi, 2019).

The findings of moderation testing in Table 5 reveal that company size moderates the effect of leverage on revaluation decisions with a significant value of 0.000, which is greater than 0.05, implying that H7 is accepted. The findings of this study show that corporations attempt to satisfy debt contracts while avoiding breaching them. Therefore, they opt to revalue their fixed assets to minimize the company's high leverage level, which is consistent with positive accounting theory. These findings are By the research of Teruni et al. (2022) and Salsabil & Alliyah (2024), who discovered that the higher the degree of debt owned by the company, the greater the chance of revaluing its fixed assets. Then, Salsabil and Alliyah (2024) demonstrated that business size influences the choice to revalue fixed assets. Based on these findings, it is argued that large enterprises with a high level of leverage are more likely to revalue since they have sufficient resources and want to improve their financial position while also maintaining the faith of creditors. These results can also prove the accounting theory, which states that large companies reevaluate to avoid political costs and encourage companies to revalue fixed assets (Prabandari & Kholilah, 2024).

Based on the test result table, it was found that firm size moderates the effect of liquidity on fixed asset revaluation decisions with a significance of 0.010 and a coefficient of 0.101. Thus, H8 is rejected. This result indicates that large companies with low liquidity tend to decide against revaluation. Companies with low liquidity strive to improve their finances by not revaluing their assets because it would incur costs in the revaluation process. This supports the positive accounting theory, which states that large companies with low liquidity focus on improving liquidity to avoid debt covenants by concentrating more on policies and efforts to enhance their liquidity, primarily through the current ratio (Nailufaroh, 2019). On the contrary, because liquidity issues do not constrain them, companies with high liquidity are more flexible in adopting various strategic policies. This result does not agree with the research by Teruni et al. (2022),

which proved that liquidity has a negative effect. Firm size has a positive effect and stated that by applying revaluation, the value of fixed assets would be presented at fair value, allowing the company to maintain its reputation and improve its financial position.

The test results table above states that firm Size does not moderate the effect of operating cash flow on fixed asset revaluation decisions because the significance level obtained is 0.460, so H9, which states that large companies with low operating cash flow tend to revalue fixed assets, is rejected. This result indicates that large companies with low operating cash flow do not affect the company's decision regarding the revaluation of its fixed assets. The effectiveness of operating cash flow signals carried out by revaluation in large companies is not proven; it is possible because revaluation is not the primary signal that can show the company's financial strength. Large companies coupled with low levels of operating cash flow both avoid funds out for revaluation tax payments. Companies with low cash flow prefer to find cash in absolute terms rather than revaluation, which can incur more significant costs (Haykal & Munira, 2021). Furthermore, Prabandari & Kholilah (2024) and Jannah & Diantimala (2018) say that large companies avoid revaluation because, in Indonesia, a revaluation tax is imposed so that what was initially intended to avoid political costs with revaluation, but revaluation causes the emergence of costs that must be paid due to taxes.

Based on the findings of moderation testing, a significant level of 0.159 is achieved, which is more than 0.05, implying that H10, which claims that large firms with high company growth tend to revalue fixed assets, is invalid. This finding indicates that firm size does not mitigate the influence of company growth on fixed asset revaluation choices, implying that large organizations with rapid growth do not inspire managers to revalue their fixed assets. This statement demonstrates that revaluation is not the primary signal of firm development. Large companies with high growth choose not to revalue because they avoid the costs incurred from the revaluation. If the company is at a reasonable growth rate, it tends to allocate its financial resources to profitable projects or investments (Haykal & Munira, 2021). Then, Jannah and Diantimala (2018) explain that large companies also avoid the tax costs incurred from revaluation and prefer other ways of conveying signals related to company growth.

## CONCLUSION

This study examined financial sector companies listed on the IDX for 2019-2023, looking for factors influencing the decision to revalue fixed assets. According to the study, fixed asset intensity and liquidity variables influence fixed asset revaluation decisions. However, leverage, operating cash flow, and firm growth do not. Furthermore, business size strengthens the impact of leverage and liquidity on fixed asset revaluation decisions. Meanwhile, firm Size does not affect fixed asset revaluation decisions by increasing fixed asset intensity, operational cash flow, or company growth. The findings of this study suggest that the revaluation method can improve the relevance and quality of information provided in financial statements since the objective of revaluing fixed assets is to gain information about the fair value of fixed assets. Management rules relating to fixed asset revaluation are one method for improving firm performance. The limitations of this study are that the sample is limited to the financial sector for the period 2019-2023, and the independent factors' capacity to explain the choice to revalue fixed assets is only 10.6%, implying that many additional variables need to be investigated. Future research will include additional variables such as bonus issuance, tax effect, prior revaluation, and takeover bid. Furthermore, research samples can be collected in areas other than finance or from all companies listed on the IDX.

**REFERENCES**


Azizah, D. U. (2022). *Pengaruh Revaluasi Aset Tetap Terhadap Kinerja Masa Depan pada Perusahaan yang Terdaftar di Bursa Efek Indonesia (BEI)*. https://eprints.iain-surakarta.ac.id/3509/1/Skripsi-Devi Ulfah A-185221102.pdf

Dedrick, G., & Tedjasuksmana, B. (2019). Pengaruh Leverage, Market-To-Book Ratio, Likuiditas dan Intensitas Aset Tetap Terhadap Keputusan Revaluasi Aset Tetap. *Jurnal Akuntansi Kontemporer*, *11*(2), 74–84.

Diantimala, Y., Syahnur, S., & Ridwan, R. (2019). Factors Influencing Asset Revaluation by Indonesian Listed Companies in IFRS Implementation. *Advances in Social Science, Education and Humanities Research*, *292*(Agc), 452–459. https://doi.org/10.2991/agc-18.2019.68

Evi, T. (2019). Determination of Asset Revaluation. *Jurnal Riset Manajemen Dan Bisnis (JRMB) Fakultas Ekonomi UNIAT*, *4*(3), 395–404. https://doi.org/10.36226/jrmb.v4i3.295

Faisal, A. R., & Murwaningsari, E. (2019). Determinant of Asset Revaluation and Corporate Value (Study on Indonesia Stock Exchange). *International Journal of Business, Economics and Law*, *18*(5), 22–27.

Fathmaningrum, E. S., & Yudhanto, S. K. (2019). Determinants of Fixed Asset Revaluation Decision and Its Impacts on Market Reaction: A Comparative Study in Indonesia and Singapore. *Journal of Accounting and Investment*, *20*(2). https://doi.org/10.18196/jai.2002118

Fioni, D., Darmayanti, Y., & Rifa, D. (2019). Pengaruh Jaminan Utang, Penurunan Arus Kas dari Aktivitas Operasi dan Fixed Asset Intensity Terhadap Revaluasi Aset Tetap. *Reviu Akuntansi Dan Bisnis Indonesia*, *3*(1), 27–37. https://doi.org/10.18196/rab.030134

Firmansyah, D., Ahmar, N., & Mulyadi, J. (2017). The Effect of Leverage, Size, Liquidity, Operating Cash Flow on Fixed Asset Revaluation. *The Indonesian Accounting Review*, *7*(1), 31–43. https://doi.org/10.14414/tiar.v7i1.816

Haykal, M., & Munira, R. (2021). Pengaruh Leverage, Penurunan Arus Kas Operasi, Fixedasset Intensity, dan Pertumbuhan Perusahaan Terhadap Keputusan Revaluasi Aset Tetap. *Jurnal Akuntansi Dan Keuangan*, *9*(2), 79. https://doi.org/10.29103/jak.v9i2.4682

Jannah, R., & Diantimala, Y. (2018). Faktor-Faktor yang Mempengaruhi Perusahaan Melakukan Revaluasi Aset Tetap Sesuai dengan PSAK 16 (2015) Di Indonesia. *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi (JIMEKA)*, *3*(3), 1.

Jaya, D., Jati, E., Ningsih, W., & Wijayanti, A. (2020). Incentives for Revaluations Fixed Asset. *International Journal of Innovation, Creativity and Change*, *13*(10), 799–812.

Kholilah, K., Rahman, A. F., Atmini, S., & Ghofar, A. (2024). Opportunistic motivation on fair value accounting of investment properties: Does corporate governance matter in Indonesia? *Journal of Social Economics Research*, *11*(1), 73–85. https://doi.org/10.18488/35.v11i1.3611

Latifa, C. A., & Haridhi, M. (2016). Pengaruh Negosiasi Debt Contracts, Political Cost, Fixed Asset Intensity dan Market to Book Ratio terhadap Perusahaan Melakukan Revaluasi Aset Tetap (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2010 - 2014. *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi (JIMEKA)*, *1*(2), 166–176.

Lin, Y. C., & Peasnell, K. V. (2000a). Asset revaluation and current cost accounting: UK corporate disclosure decisions in 1983. *British Accounting Review*, *32*(2), 161–187. https://doi.org/10.1006/bare.2000.0128

Lin, Y. C., & Peasnell, K. V. (2000b). Fixed asset revaluation and equity depletion in the UK. *Journal of Business Finance and Accounting*, *27*(3–4), 359–394.

https://doi.org/10.1111/1468-5957.00317
Nailufaroh, L. (2019). Determinan Keputusan Perusahaan Melakukan Revaluasi Asset Tetap. *Jurnal Akuntansi*, *6*(1), 1–19.
Poerwati, R. T., Hardiningsih, P., Srimindarti, C., & Sundari, R. I. (2020). Does the Company's Scale, Fixed Asset Intensity and Operating Cash Flow Affect Asset Revaluation? *Jurnal Analisis Bisnis Ekonomi*, *18*(1), 1–13. https://doi.org/10.31603/bisnisekonomi.v18i1.3342
Prabandari, A. R., & Kholilah, K. (2024). Subsequent Measurement for Investment Property: Fair Value Model. *Jurnal Reviu Akuntansi Dan Keuangan*, *14*(03), 667–684. https://doi.org/10.22219/jrak.v14i3.29608
Pradita, R. A., & Suryono, B. (2019). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan dengan Pengungkapan Corporate Social Responsibility sebagai Variabel Moderasi. *Jurnal Ilmu Dan Riset Akuntansi*, 1–18. https://doi.org/10.31932/jpe.v4i2.567
Salsabil, N. H., & Alliyah, S. (2024). Factors That Affecting Revaluation of Fixed Assets in Manufacturing Companies. *Jurnal Aplikasi Akuntansi*, *8*(2), 336–345. https://doi.org/10.29303/jaa.v8i2.361
Sartika, M., & Syahdan, S. A. (2020). *Determinan yang Memengaruhi Revaluasi Aset Tetap Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Pada Tahun 2018-2020*. *1*, 218–232.
Satriawan, A., & Baroroh, N. (2021). Revaluasi Aset Tetap dengan Likuiditas sebagai Variabel Moderating (Studi Perusahaan Sektor Properti, Real Estate, and Building Construction yang Terdaftar di Bei 2017-2020). *Jurnal Akuntansi Dan Auditing*, *18*(1), 76–91. http://journal.unilak.ac.id/index.php/JIEB/article/view/3845%0Ahttp://dspace.uc.ac.id/handle/123456789/1288
Seng, D., & Su, J. (2010). Managerial Incentives Behind Fixed Asset Revaluations: Evidence from New Zealand Firms. *Department of Accountancy and Business Law*, *3*(3), 2–33.
Sitepu, H. B., & Silalahi, E. R. R. (2019). Pengaruh Intensitas Aset Tetap, Leverage, Likuiditas, Pertumbuhan Perusahaan Dan Ukuran Perusahaan Terhadap Revaluasi Aset Tetap Pada Perusahaan Manufaktur Sektor Industri Dasar Dan Kimia Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Riset Akuntansi & Keuangan*, *5*(2), 165–190. https://doi.org/10.54367/jrak.v5i2.156
Spence, M. (1973). *Job Market Signaling*. *87*(3), 355–374.
Tay, I. (2009). Fixed Asset Revaluation: Management Incentives and Market Reactions. *Thesis Master of Commerce and Management Lincoln University*, 1–111. http://dspace.lincoln.ac.nz/bitstream/handle/10182/1555/Tay_MCM.pdf?sequence=3
Teguh, A. A., Boedi, S., Asiah, A. N., & Syam, A. Y. (2022). Revaluasi Aset Tetap Perusahaan Manufaktur di Indonesia. *Kinerja*, *19*(2), 356–361. https://doi.org/10.30872/jkin.v19i2.11107
Teruni, R. R., Qadri, R. A., Putra, R. T., & Firmansyah, A. (2022). Does Accounting Information Become Pertinent To Asset Revaluation Decisions? *Assets: Jurnal Akuntansi Dan Pendidikan*, *11*(2), 134. https://doi.org/10.25273/jap.v11i2.11930
Watts, R. L., & Zimmerman, J. L. (1990). Positive Accounting Theory. In *The Accounting Review* (Vol. 65, Issue 1, pp. 131–156). https://faculty.etsu.edu/POINTER/watts&zimmerman2.pdf
Yulistia, R., Fauziati, P., Minovia, A. F., & & Khairati, A. (2015). Pengaruh Leverage , Arus Kas Operasi , Ukuran Perusahaan dan Fixed Asset Intensity Terhadap Revaluasi Aset Tetap. *Simposium Nasional Akuntansi*, *September 2015*.

Yulistia, R., Septiyani, N. D., Minovia, A. F., & Yunilma, Y. (2021). Leverage, Arus Kas Operasi, Ukuran Perusahaan, Intensitas Aset Tetap dan Revaluasi Aset Tetap. *Wahana Riset Akuntansi*, *9*(1), 1. https://doi.org/10.24036/wra.v9i1.111817

Željana Aljinović Barać, S. Š. (2011). Motives for Asset Revaluation Policy Choice in Croatia. *Croatian Operational Research Review*, *2*. https://doi.org/10.1049/iet-com.2015.1015