



Recalculation of Fixed Assets in Substantive Testing of Fixed Assets by KAP BCD (Case Study at PT. XYZ)

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Abstract

Fixed assets are a critical element of financial statements due to their material value and their direct impact on a company's financial position and performance through depreciation. Inaccurate recognition or measurement of fixed assets may lead to material misstatements, making substantive audit procedures essential. This study aims to examine the implementation of fixed asset recalculation as part of substantive testing conducted by a public accounting firm in auditing the financial statements of PT XYZ. The research employs a qualitative descriptive approach, using observation, documentation, interviews, and literature review to obtain relevant audit evidence. The recalculation procedure focuses on verifying acquisition costs, depreciation expenses, accumulated depreciation, and book values of fixed assets in accordance with applicable accounting standards. The results show that several discrepancies were identified between management records and auditor recalculations, primarily caused by inconsistencies in depreciation timing, assets not yet in use, and misclassification of accounts. These discrepancies were subsequently corrected through audit adjustments and did not result in material misstatements in the financial statements. Overall, the study concludes that fixed asset recalculation is a vital substantive audit procedure that enhances the accuracy, reliability, and fairness of fixed asset reporting. The findings emphasize the importance of recalculation in supporting the auditor's professional judgment and providing reasonable assurance regarding the presentation of fixed assets in financial statements.

Keywords: fixed assets, substantive testing, audit procedure, depreciation, financial statements

1. Introduction

An audit is a systematic process of obtaining and evaluating objective evidence related to statements about economic actions and events, in order to determine the degree of conformity between those statements and established criteria, and to communicate the results to interested parties (Hery, 2019). The purpose of conducting an audit is to evaluate evidence regarding economic transactions and events to ensure the level of conformity between the statements and the established criteria. The audit results are communicated to relevant users (Messier, 2003). Thus, audits provide an opinion on the fairness of financial statements, thereby increasing the reliability and credibility of a company's financial statements.

The purpose of a financial statement audit is to provide assurance that the company's financial statements have been presented fairly, in accordance with standards, and are free from material misstatement. One account that has a significant influence on the fairness of financial statements is fixed assets, due to their material value and direct impact on profit or loss through depreciation expenses, as well as on the financial position through the book value of assets. Fixed assets are tangible assets owned for use in production or in the provision of goods or services for lease to other parties, or for administrative purposes, and are expected to be used for more than one period (SAK ETAP No. 15, IAI 2018).

Fixed assets depreciate because their economic value and usefulness decline over time due to use, wear and tear, age, and technological developments. Depreciation is an accounting process that allocates the cost of tangible assets to expenses in a systematic and rational manner over the period in which the assets are expected to be used (Weygandt et al., 2007). To ensure that the depreciation calculation for fixed assets is in accordance with accounting policies and applicable regulations, auditors perform recalculation procedures as part of substantive testing. This procedure refers to the provisions in the Statement of Financial Accounting Standards (PSAK) 16 on Fixed Assets, which regulates the recognition, initial and subsequent measurement, depreciation, and disposal of fixed assets. PSAK 16 emphasizes the

importance of estimating the useful life and fair residual value of fixed assets as well as consistency in the application of depreciation methods. Non-compliance with the application of this PSAK can have a significant impact on the carrying value of assets and the company's income statement. Recalculation of fixed assets is very important because depreciation has a direct impact on the income statement and the company's financial position. Errors in depreciation calculations can damage asset values, income statements, and even taxes paid. This recalculation is not only intended to test the accuracy of depreciation, but also as a basis for preparing audit working papers that support the auditor's opinion on the financial statements.

KAP BCD is engaged in professional services including audit and assurance, taxation services, and consulting services. Audit and assurance services include financial statement audits, reviews of historical financial information, and reviews of prospective financial information to provide a level of assurance in accordance with applicable standards. In addition, KAP BCD provides tax services in the form of tax compliance reviews, tax planning, and tax consulting and recommendations. In the field of consulting, KAP BCD assists clients in strengthening internal controls, risk management, and strategic business aspects to improve the reliability of financial statements and operational efficiency. PT XYZ is a company engaged in the chemical industry and focuses on distribution and trading activities, particularly in providing high-quality products and solutions for customers in the industrial and utility sectors in Indonesia. The company leverages the extensive experience of its employees and is supported by partnerships with various well-known brands to provide reliable and high-quality products. PT XYZ focuses its services on providing various industrial equipment, such as magnetic drilling machines, core drilling machines, measuring instruments, pipe cutting machines, plate bending machines, and other industrial tools. The fixed asset recalculation process at PT X reflects the importance of accuracy, thoroughness in audit procedures, and understanding of applicable audit and accounting standards. This discussion is expected to provide an overview of the application of substantive audit procedures in the examination of fixed asset accounts and the importance of recalculation in detecting potential material errors in financial statements.

2. Literature Review

2.1. Audit

An audit is a structured examination process to obtain and collect evidence and analyze evidence related to information that serves to identify and report the level of accuracy of a financial statement presented in accordance with applicable standards (A. A. Arens et al., 2017). An audit is a process of collecting and evaluating evidence regarding information to determine and report the level of conformity between that information and its criteria. This audit process should be carried out by a competent and independent person (A. A. Arens et al., 2017). An audit is a critical and systematic examination conducted by an independent party of financial statements prepared by management, accompanied by accounting records and supporting evidence, with the aim of providing an opinion on the fairness of the financial statements (Agoes, 2017).

2.2. Substantive Testing

Substantive testing is a procedure designed to test for misstatements that could affect the accuracy of the balances in the financial statements (Ardianingsih, 2018). According to (Thian, 2021). Substantive testing is an audit method that aims to find errors in the presentation of material at the assertion level. Substantive testing methods are divided into: (1) substantive testing of transaction types; (2) substantive analytical procedures; (3) detailed testing of account balances. If the auditor believes that each transaction has been recorded accurately, then it can be ascertained that the total amount in the ledger is valid.

2.3. Fixed Assets

Financial Accounting Standards (PSAK) No. 16 states that fixed assets are tangible assets that are: (a) owned for use in the production or supply of goods or services, for lease to other parties, or for administrative purposes, and (b) expected to be used for more than one period. Fixed assets are characterized as being acquired for use in operations and not for resale, and are long-term in nature. According to (Kieso, 2019), fixed assets are assets that have physical substance, are acquired in the course of a company's operational activities, are not for resale, and are long-term in nature or last for more than one year. There are two types of fixed assets, namely tangible fixed assets and intangible fixed assets. Thus, fixed assets are assets owned by a company that are used for the company's operational activities that are long-term or more than one year in nature, and are not for resale.

2.4. Recognition of Fixed Assets

According to Statement of Financial Accounting Standards (PSAK) No. 16, an asset can be categorized as a fixed asset if it is expected to provide economic benefits to the entity in the future, and its acquisition cost can be measured reliably. Based on PSAK No. 16, the initial acquisition cost includes expenses incurred to obtain fixed assets, including assets purchased for security or environmental protection purposes. Even though these assets do not directly add to the future economic benefits of existing fixed assets, their existence is still necessary for the entity to obtain future economic benefits from other assets. Fixed assets are recognized in the balance sheet if there is a high probability that they will provide economic benefits to the company in the future and their acquisition cost can be reliably measured. Conversely,

when the economic benefits of these assets no longer exist after the accounting period, they will not be recognized in the balance sheet.

3. Methods

3.1. Data Collection

a.) Observation

The observation method was conducted by collecting data through direct examination of the audit process. This method included physical inspection of fixed assets as part of the audit procedures. Observation was used to obtain a comprehensive understanding of the financial statement audit process carried out by Public Accounting Firm (PAF) BCD on the audited entity.

b.) Documentation

The documentation method involved collecting and examining various documents used as audit evidence in the audit of fixed assets. These documents served as supporting data and analytical materials, including the fixed assets lead schedule, general ledger, trial balance, fixed assets listing, and prior-year financial statements. This method was applied to ensure the sufficiency and reliability of audit evidence related to the fixed assets account.

c.) Interview

The interview method was conducted through direct face-to-face interactions with parties involved in the audit process. This method aimed to obtain relevant supporting information, such as clarification of differences in fixed asset calculations between the client’s management and the auditor.

d.) Literature Review

The literature review method was conducted by collecting data and information from various written sources, such as textbooks, academic journals, official regulations, and other relevant scholarly references. This method was used to establish the theoretical and conceptual framework of the study, particularly those related to fixed assets accounting and fixed assets auditing standards.

3.2. Sources and Types of Data

Primary data is obtained directly from the source, namely information about PT XYZ, financial statements for the 2024 period, and data on the company's fixed assets for the purposes of the 2024 audit. Then, secondary data is data obtained from other parties and has been processed beforehand so that it is ready for analysis. In this study, secondary data was obtained from the BCD Public Accounting Firm in the form of working papers and fixed asset lead schedules used in the audit process. In addition, secondary data was also collected through literature studies covering reference books, official government regulations, and scientific sources from online media. This data was used as the basis for auditing fixed assets, which included accounting theory, financial accounting standards related to fixed assets, and applicable auditing standards.

4. Results and Discussion

4.1. Profile of PT XYZ

PT XYZ is a company engaged in the field of Chemical Industry. PT XYZ is also a company engaged in the distribution trade, specifically providing high-quality products and solutions for industrial and utility customers in Indonesia. The company combines the years of experience of its employees with established supplier brands to provide reliable and high-quality products. PT XYZ focuses on providing various industrial products such as magnetic drilling machines, core drilling machines, measuring tools, pipe cutting machines, plate bending machines, and other industrial equipment.

4.2. Description of Fixed Assets of PT XYZ

Fixed assets are used by the company to run its operations, thereby providing long-term financial benefits. According to PSAK 16, fixed assets are tangible assets owned for use in the production or provision of goods and services, and are expected to be used for more than one period. Therefore, these fixed assets are part of the company's business operations that can be used for more than one year and are not intended for sale. Fixed assets are acquired through various means, including cash or credit purchases, exchanges, leases, and donations received from third parties. Recording the purchase of fixed assets if made in cash:

Fixed Assets	IDR XXXXX
Cash	IDR XXXXX

Recording the purchase of fixed assets if done on credit, the company records it with:

Fixed Assets	IDR XXXXX
AP	IDR XXXXX

Over time, fixed assets experience a decline in value, price, and function, so depreciation is necessary, with the following records:

Depreciation Expense	IDR XXXXX	
Accum. Depreciation		IDR XXXXX

If the asset's useful life has ended, it will be taken out of service. The disposal of fixed assets must be carried out with consideration from company management. The recording of fixed asset disposal is as follows:

If the useful life of the fixed asset has ended

Accum. Depreciation	IDR XXXXX	
Fixed Assets		IDR XXXXX

If the useful life of the fixed asset has not yet expired

Accum. Depreciation	IDR XXXXX	
Loss on Disposal Asset	IDR XXXXX	
Fixed Assets		IDR XXXXX

The fixed assets owned by PT XYZ in 2024 consist of machinery & equipment, office equipment, furniture & fixtures, and vehicles. In 2024, PT XYZ has fixed assets amounting to IDR 4,921,690,971, while in the previous year, 2023, the fixed assets owned amounted to IDR 4,589,123,103. The fixed assets owned by PT XYZ in 2024 consist of Fixed Assets - Furniture & Fixtures amounting to IDR 1,144,485,484, Fixed Assets - Machinery & Equipment amounting to IDR 3,242,323,121, Fixed Assets - Office Equipment amounting to IDR 381,840,318, and Fixed Assets - Vehicles amounting to IDR 134,000,000. The calculation of fixed assets at PT X tends to be inconsistent. There are assets on the 28th that are still depreciated in the current month, but there are other assets on the 30th and 31st of the following month. Thus, the calculation of fixed assets at PT X follows the system, where the 1st to the 28th are depreciated in the same month and the 30th to the 31st are depreciated in the following month.

4.3. Substantive Testing of Fixed Assets

Substantive testing is a series of procedures performed by auditors to detect material misstatements in fixed asset balances in financial statements and to ensure the fairness, existence, and completeness of the company's fixed asset records. This testing is performed to obtain sufficient evidence regarding the fairness of fixed asset balances.

a.) Sampling

During the fixed asset addition audit process, supporting documents were obtained through document sampling. This document sampling is done to streamline the audit process while ensuring that the testing remains representative of the entire population of fixed asset acquisition transactions. The purpose of this sampling is to ensure that each sampled fixed asset acquisition transaction actually exists physically, has been authorized by the appropriate authorities, and has been accurately recorded in the client's books in accordance with generally accepted accounting principles. The sampling is not limited to fixed assets acquired in the current year, but also includes old fixed assets that have material value or high significance to the total fixed asset balance. Thus, this test directly tests the existence assertion. To perform this sampling, a detailed list of fixed assets and their balances belonging to PT XYZ is required:

No	Code	Account Name	Date	Description	Debit	Credit
1	FA001	Fixed Assets - Office Equipment	01/04/2024	FA-1	13.583.600,00	
2	FA002	Fixed Assets - Machinery & Equipment	25/01/2024	FA-2	2.700.000,00	
3	FA003	Fixed Assets - Furnitures and Fixtures	01/09/2023	FA-3	50.978.200,00	
4	FA004	Fixed Assets - Vehicles	20/10/2024	FA-4	200.000.000,00	
etc.						

b.) Fixed Assets Recalculation

Fixed assets are recalculated by recalculating the acquisition value, depreciation expense, and accumulated depreciation based on the company's fixed asset list. This process is carried out systematically by preparing a supporting schedule containing information such as the date of acquisition, economic life of the asset, residual value, and book value at the end of the period. The purpose of this recalculation is to ensure the accuracy of calculations and consistency in the application of the depreciation method used by the company. In addition, the results of the recalculation also serve as a reference for auditors in assessing the fairness of estimates made by management, especially regarding the determination of the useful life of fixed assets, which has a significant effect on the amount of depreciation expense recognized. During this process, checks are also carried out to determine whether there have been any additions, reductions, or disposals of fixed assets.

c.) Physical Inspection

Direct observation of the existence of fixed assets is carried out to ensure that the assets recorded in the books actually exist and are utilized by the company. This procedure is also carried out to identify the potential existence of damaged, unused, lost, or sold assets that have not been removed from the accounting records. The results of this inspection are recorded in the fixed asset inspection report.

d.) Reconciliation between List of Fixed Assets and General Ledger

Reconciliation is performed by comparing the balance of fixed assets contained in the asset detail list with the balance in the general ledger. The purpose of this reconciliation is to ensure that all transactions involving additions, reductions, and depreciation of assets have been recorded completely and correctly.

4.4. Recalculation of Fixed Assets in Substantive Testing of Fixed Assets

Recalculation of fixed assets is one of the substantive tests because it is directly related to the fairness of the value of fixed assets and accumulated depreciation presented in the financial statements. This process is carried out to recalculate all values related to fixed assets, including acquisition costs, depreciation costs, accumulated depreciation, and book value at the end of the period. This recalculation not only aims to ensure accuracy in the calculation of figures, but also serves as a means of assessing consistency in the application of accounting policies and compliance with PSAK 16 regarding Fixed Assets. This test is carried out by preparing a supporting schedule for fixed assets that includes information on acquisition value, date of acquisition, useful life, residual value, remaining economic life, and calculation of accumulated depreciation for each year. This supporting schedule serves as the basis for comparing the balance according to management records and the balance calculated by the auditor. The recalculation is carried out separately for four groups of fixed assets, namely Machinery & Equipment, Office Equipment, Furniture & Fixtures, and Vehicles. This separation is important because each group of assets has different characteristics in terms of useful life, residual value, and depreciation rate. This process includes:

- Review the company's fixed asset list, which includes the acquisition value, date of purchase, and depreciation method applied by the company. The depreciation method applied by PT X is the straight-line method, whereby the annual depreciation expense remains the same until the end of the fixed asset's economic life. The acquisition price is the initial cost of acquiring the asset, while the residual value is the estimated value of the asset at the end of its useful life. The useful life is the period during which the asset is expected to provide economic benefits to the company. With this method, the depreciation expense recorded each year is the same. The recalculation of the depreciation of these fixed assets is carried out with reference to PT X's list of fixed assets. To support this process, the auditor prepared a supporting calculation schedule grouped into four categories of fixed assets owned by PT XYZ, namely Fixed Assets - Machinery & Equipment, Fixed Assets - Office Equipment, Fixed Assets - Furniture & Fixtures, and Fixed Assets - Vehicles.
- Checking Additions, Reductions, and Disposals of Fixed Assets during the Current Year
 - In the Fixed Assets – Office Equipment account, according to the auditor's calculations, the opening balance was IDR 244,862,548, and based on the supporting recalculation schedule prepared by the auditor, the addition to the Fixed Assets – Office Equipment account was IDR 91,090,490, which, based on the recalculation, resulted in a closing balance of IDR 335,953,038.
 - In the Fixed Assets - Furnitures & Fixtures account, based on the recalculation of fixed assets, where according to the auditor's calculations the opening balance was IDR 1,113,330,031 and based on the supporting schedule prepared by the auditor, the addition to the Fixed Assets – Office Equipment is the same as the entry in the financial statements, namely IDR 21,165,463, and based on this recalculation, the final balance is IDR 1,134,495,494.
 - In the Fixed Assets – Machinery & Equipment account, a recalculation of fixed assets was performed, whereby according to the auditor's calculations, the opening balance was IDR 3,096,940,585 and based on the supporting schedule prepared by the auditor, the addition to the Fixed Assets – Office Equipment account in the amount of IDR 132,402,535, which, based on the recalculation, resulted in a final balance of IDR 3,229,343,120.
 - In the Fixed Assets – Vehicles account, based on the Financial Statement balance, the opening balance of the Fixed Assets – Vehicles account is IDR 134,000,000, and there is no addition of fixed assets according to PT XYZ's financial statements, so the closing balance in the Fixed Assets – Machinery & Equipment account according to the Financial Statements and recalculation results is IDR 134,000,000.
- Reconciliation of Acquisition Cost and Accumulated Depreciation Recalculation with General Ledger
Based on recalculation, there was an increase in PT XYZ's fixed assets. PT XYZ's total opening balance of fixed assets was IDR 4,589,133,163, with a total increase in fixed assets during the current year of IDR 244,658,488, resulting in a total closing balance of PT XYZ's fixed assets of IDR 4,833,791,651. In addition, the total opening balance of accumulated depreciation of PT XYZ's fixed assets was IDR 2,264,066,975, the total increase in

accumulated depreciation of fixed assets during the current year was IDR 1,009,285,033, resulting in a total closing balance of accumulated depreciation of fixed assets of PT X of IDR 3,273,352,008.

- In the Fixed Assets – Office Equipment account, based on the Financial Statement balance, the opening balance of the Fixed Assets – Office Equipment account was IDR 244,862,548. Then, there was an addition of fixed assets according to PT XYZ’s financial statements amounting to IDR 57,989,810, so that the closing balance in the Fixed Assets – Office Equipment account according to the Financial Statements was IDR 302,852,358. Next, a recalculation of fixed assets was performed, where according to the auditor’s calculations, the opening balance was IDR 244,862,548, and based on the supporting schedule prepared by the auditor, the addition to the Fixed Assets – Office Equipment account was IDR 91,090,490, resulting in a closing balance of IDR 335,953,038 based on the recalculation. Based on the reconciliation results between the fixed asset details and the entries in the General Ledger, there was a discrepancy in the additions and the final balance from the recalculation. The discrepancy in each addition and final balance was IDR -33,100,680.
- The difference of IDR -33,100,680 was verified by the auditor through the fixed asset details, which showed that the fixed assets were already present. The auditor confirmed the discrepancy with management, who had incorrectly entered the journal into Cost of Sales, necessitating an adjustment by management, as follows:

(1-10806) - Fixed Assets - Office Equipment	40.352.000,00	
(5-50000) - Cost of sales	-	40.352.000,00
(1-10709) - Prepaid Fixed Asset	7.251.320,00	
(1-10806) Fixed Assets - Office Equipment	-	7.251.320,00

- In the Fixed Assets - Furnitures & Fixtures account, based on the Financial Statement balance, the opening balance of the Fixed Assets - Furnitures & Fixtures account was IDR 1,113,330,031. Then, there was an addition of fixed assets according to PT XYZ’s financial statements amounting to IDR 21,165,463, resulting in a closing balance in the Fixed Assets - Furniture & Fixtures according to the Financial Statements is IDR 1,134,495,494. Next, a recalculation of fixed assets was performed, where according to the auditor’s calculations, the opening balance was IDR 1,113,330,031, and based on the supporting schedule prepared by the auditor, the addition to the Fixed Assets – Office Equipment account was the same as the recording in the financial statements, resulting in a final balance of IDR 1,134,495,494 after the recalculation. Based on the reconciliation results between the fixed asset details and the entries in the General Ledger, there were no discrepancies in the additions or in the final balance resulting from the recalculation.
- In the Fixed Assets – Machinery & Equipment account, based on the Financial Statement balance, the opening balance of the Fixed Assets – Machinery & Equipment account was IDR 3,096,940,585. Then, there was an addition of fixed assets according to PT XYZ’s financial statements amounting to IDR 155,402,535, resulting in a closing balance in the Fixed Assets – Machinery & Equipment according to the Financial Statements is IDR 3,229,343,120. Next, a recalculation of fixed assets was performed, where according to the auditor’s calculations, the opening balance was IDR 3,096,940,585, and based on the supporting schedule prepared by the auditor, an addition to the Fixed Assets – Office Equipment account of IDR 132,402,535 was recorded, resulting in a final balance of IDR 3,229,343,120 based on the recalculation. Based on the reconciliation results between the fixed asset details and the entries in the General Ledger, there is a discrepancy in the additions and the final balance from the recalculation. The discrepancy in each addition and final balance is IDR 23,000,000.

This difference of IDR 23,000,000 is due to the purchase of fixed assets in December 2024, but these fixed assets have not yet been used by the company and will only be used in 2025. Therefore, management made an adjustment:

(1-10709) - Prepaid Fixed Asset	11.500.000,00	
(1-10805) - Fixed Assets - Machinery & Equipment	-	11.500.000,00
(1-10709) - Prepaid Fixed Asset	11.500.000,00	
(1-10805) - Fixed Assets - Machinery & Equipment	-	11.500.000,00

- In the Fixed Assets – Vehicles account, based on the Financial Statement balance, the opening balance of the Fixed Assets – Vehicles account is IDR 134,000,000, and there is no addition of fixed assets according to PT XYZ’s financial statements, so the closing balance in the Fixed Assets – Machinery & Equipment account according to the Financial Statements and recalculation results is IDR 134,000,000. There is no difference. The opening balance of accumulated depreciation of Fixed Assets – Office Equipment was IDR 144,557,464 based on the financial statements and increased by IDR 42,019,930, resulting in a closing balance of IDR 186,577,394 in the financial statements of PT X. After recalculating depreciation, there was a difference in the addition amount of IDR 52,444,492, where the reconciliation of the recalculated accumulated depreciation with the general ledger showed a difference of IDR -10,424,563 in the addition

and ending balance. In March 2024, there were still assets that had not been depreciated for that month, resulting in a difference of IDR -10,424,563. Management made an adjusting journal entry for this difference:

(6-60506) - Depreciation - Office Equipment	9.247.333,33	
(1-10906) - Accumulated Depreciation - Office Equipment	- 9.247.333,33	
(6-60506) - Depreciation - Office Equipment	1.177.229,17	
(1-10906) - Accumulated Depreciation - Office Equipment	- 1.177.229,17	

- Accumulated Depreciation Fixed Assets

After recalculating the depreciation, there was no difference in the additional figures, as the reconciliation of the recalculated accumulated depreciation with the general ledger showed no discrepancies. For Accumulated Depreciation Fixed Assets – Machinery & Equipment The opening balance of accumulated depreciation of Fixed Assets – Machinery & Equipment amounted to IDR 1,767,660,612 based on the financial statements and increased by IDR 658,081,337, resulting in a closing balance of IDR 2,425,741,949 in the financial statements of PT X. After recalculating the depreciation, there is a difference in the increase amount of IDR 658,083,334, where the recalculated accumulated depreciation with the general ledger shows a difference in the ending balance of IDR -5,991. Therefore, the auditor needs to make an adjustment for the difference in machinery depreciation:

Depreciation Machinery	IDR 5.991
Accum. Depreciation	IDR 5.991

Based on the reconciliation results between the details of fixed assets and the records in the General Ledger (GL), several discrepancies were found in both the acquisition price and accumulated depreciation. In the acquisition price reconciliation, most fixed asset accounts showed consistency between the balances recorded by management and the auditor's recalculation results. Adjustments have been made to address these discrepancies.

5. Conclusion

The recalculation of fixed assets is an audit procedure involving substantive testing of fixed asset accounts that is important to carry out. The recalculation process between the auditor's calculations and management's calculations aims to verify whether there are differences and the accuracy of the depreciation calculations performed by management, ensuring the reasonableness of the figures presented in the client's financial statements.

Through the recalculation process, auditors can obtain relevant and reliable audit evidence regarding the amount of depreciation expense recognized and the book value of fixed assets reported in the financial position statement. Based on the results of the recalculation conducted by the author and the audit team, several discrepancies were found between the auditor's calculations and management's records. These discrepancies were caused by various factors such as assets not yet used by the company, assets not depreciated by management, and others.

From the results of the audit that has been carried out, no material misstatements were found in PT XYZ's fixed asset accounts. The audit results on fixed assets show that PT XYZ has presented and disclosed its fixed asset accounts in accordance with the applicable Accounting Standards in Indonesia. Therefore, from all the audit stages that have been carried out, it is stated that PT XYZ's trade payables account balance for the year ending December 31, 2024, has been presented fairly.

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