



# Application Of IFRS 5 And PSAK 58 On Non-Current Assets Held For Sale And Discontinued Operations: A Literature Review

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## ABSTRACT

This study aims to provide an in-depth examination of the implementation of IFRS 5 and PSAK 58 concerning non-current assets held for sale and discontinued operations, using a systematic literature review approach. The research adopts a qualitative descriptive method with thematic analysis techniques applied to academic journals, accounting standards, and empirical findings. The grand theory employed is the *Value Relevance Theory*, which asserts that high-quality accounting information is reflected in the market value of firms, supported by the Positive Accounting Theory to understand managerial incentives behind accounting choices. The findings indicate that the implementation of these standards has the potential to enhance the relevance and transparency of financial reporting, particularly in providing focused disclosure on the company's strategic decisions. Previous studies show that the value relevance of accounting information to stock prices improved following the adoption of IFRS 5/PSAK 58. Nevertheless, significant challenges remain, including fair value measurement issues, limited human resource competencies, and the risk of earnings management through asset misclassification. This study recommends stronger synergy between companies, regulators, auditors, and academic institutions to support the substantive implementation of IFRS 5/PSAK 58. When appropriately applied, these standards are expected to reinforce the integrity and efficiency of financial reporting in Indonesia and improve investor trust in financial disclosures.

## INTRODUCTION

Report finance own role important as a medium of information finance used by various party For take decision economy. The information presented must fulfil characteristics qualitative like relevance and faithful representation (IASB, 2018). In the era of globalization, the adoption of standard reporting finance international as IFRS becomes necessity to improve Power competitiveness and credibility reporting finance company.

One of the standard that becomes highlight is IFRS 5: *Non-Current Assets Held for Sale and Discontinued Operations*. Standard This arrange presentation and disclosure asset No classified smooth For for sale, and operations that have been discontinued. In Indonesia, IFRS 5 was adopted into PSAK 58 which is effective applicable since January 1, 2011 (IAI, 2022). Standard This expected can increase clarity information about decision strategic management to assets and business units.

The implementation of IFRS 5 and PSAK 58 becomes important because lots of companies do restructuring, business unit disposals, and reductions portfolio asset in face market dynamics. Rahmawati and Martani's study (2013) shows that presentation separate information on "held for sale" assets and discontinued operations give mark plus for investors in evaluate prospects company. However Thus, the adoption of IFRS does not let go from challenges, especially in developing countries like Indonesia. Some study (Susanto & Nuryanto, 2020) shows that company face constraint in evaluate mark reasonable assets, human resource limitations, and Not yet optimal system accountancy IFRS based. Therefore that, a comprehensive understanding to standard This become important For ensure success implementation.

Study This will to examine implementation of IFRS 5 and PSAK 58 conceptual and empirical through studies literature, in order to provide better understanding deep about contribution standard This in improvement quality report finance. How the implementation of IFRS 5 and PSAK 58 can increase relevance and transparency information finance? What just constraint implementation of IFRS 5 and PSAK 58 in Indonesia? How connection between information accounting and pricing share after implementation standard This?

## LITERATURE REVIEW

### Positive Accounting Theory

Positive Accounting Theory developed by Watts and Zimmerman (1986) with objective main For explain and predict practice accounting carried out by the company. This theory state that policy accountancy selected by the manager For maximize utilities they are good in context contract management, compliance regulations, as well as influence to market perception. In the context of IFRS 5 and PSAK 58, managers can choose For classify asset as "held for sale" if matter the give profit strategic, such as reduce cost agency or display image more finances good in the eyes of investors.

Implementation theory This seen real in decision companies that use "held for sale" classification for display condition more finances profitable. As for example, if a asset experience decline mark but issued from calculation depreciation Because classified For sold, then profit clean company Can looks more high. This is in line with idea theory accountancy positive which states that reporting finance No only nature technical, but also strategic (Scott, 2015).

This theory also explains Why company different in implementation of IFRS, although standards used same. Motivation managerial, pressure from owner, and structure ownership the company greatly influences decision accounting taken (Deegan, 2022). In this case This, the "held for sale" classification can become tool management earnings management or means For avoid obligation contractual.

Furthermore, Ball and Shivakumar (2005) stated that IFRS implementation in developing countries No necessarily produce improvement quality information Because practice reporting Still affected by pressure politics, weakness institutional, and cultural management profit. This is show that although IFRS 5 provides guidelines good technical, decision classification and presentation still influenced by the company's internal motivation as explained by theory accountancy positive.

With Thus, the theory accountancy positive give runway important in understand behavior reporting finance company in the context of IFRS 5 and PSAK 58. This theory help explain Why in the practice there is variation in implementation standards, as well as How incentive managerial influence decision classification assets and operations in report finance.

### Value Relevance Theory

Relevance theory mark is framework work that explains connection between information accounting presented in report finance and stock market value company. This theory state that information relevant accounting will reflected in price share because investors use the data For

estimate future prospects company (Barth et al., 2001). In the context of IFRS 5 and PSAK 58, the classification asset as "held for sale" and separation discontinued operation become very important. Because information This can influence investor perception of profitability and sustainability business entity.

Research conducted by Ohlson (1995) provides a basic model in measure relevance information accounting, namely with connect company market value with profit clean and value book equity. After adoption of IFRS, various studies show that coefficient determination of the model increased, indicating that information accountancy become more useful for investors. With serve separate information about assets to be sold and discontinued operations, the company give more information appropriate target and relevant for user report finance.

Empirical studies in Indonesia also show that after implementation of PSAK 58, relationship between information accounting and pricing share become more strong (Rachmawati & Martani, 2013). This is show that implementation standard IFRS based helps increase market efficiency and quality taking investor decisions. Investors can make decision based on more information deep about prospects business company in a way segmented.

However, the relevance information is highly dependent on quality implementation standard. If the implementation done in a way half heart or No accompanied by with sufficient disclosure, then the benefits of IFRS 5 will be decreased. Beuselinck et al. (2010) emphasized that relevance information only will increase if there is integrity in reporting as well as system strong supervision and auditing. Therefore that, environment institutions also participate determine success standard the in increase relevance information accountancy.

In general overall, theory relevance mark support the need for IFRS 5 and PSAK 58 for increase quality information accounting presented. With approach this, reporting finance become more needs oriented user external, especially investors, who rely on information accountancy For evaluate performance and prospects company.

### **Conceptual Framework for Reporting IFRS Finance**

Framework IFRS conceptual is base philosophy and principles commonly used in compilation and presentation report finance. One of the objective main from framework This is provide useful information for investors and stakeholders other interests for take decision rational economics (IASB, 2018). Two characteristics main information finances come first is relevance and presentation honest (*faithful representation*).

IFRS 5 in general explicit implement principles This with require company classify and present asset No fluent owned For for sale in a way separated from asset others, and treat discontinued operation as element separated in report profit loss. This is aims to ensure that the information presented No mix up components that are still operate with the one who already No relevant Again to continuity business entity.

In practice, the framework conceptual help ensure that information presented No only accurate in a way technical, but also meaningful for user report finance. For example, if a asset classified as "held for sale," then user report finance can understand that asset the No part from operational strategy term long company. This allows user make more decisions Good about valuation and risk company (Nobes & Stadler, 2015).

On the other hand, the framework conceptual also underlines importance consideration professional in implementation standard. Principle such as "substance over form" demands that accountants No only follow rules, but also consider substance economy from transactions. In the context of IFRS 5, the decision management For classify asset must reflect intentions and plans real For sell asset said, not just an accounting strategy (Alexander & Nobes, 2020).

Therefore that, IFRS 5 and PSAK 58 can understood as reflection from framework conceptual reporting modern finance that aims increase understandability, relevance, and reliability information finance. This is confirm importance consistency and integrity in implementation IFRS principles by all entity reporter.

## METHODS

Study This use approach qualitative descriptive through method studies literature (literature review) . Literature study is purposeful method For identify , review in a way systematic , and synthesize results study previous and documents relevant related with the topic being studied . This method chosen Because can give understanding comprehensive about concepts and practices implementation of IFRS 5 and PSAK 58 in reporting finance , including the impact to relevance information accounting and challenges implementation in Indonesia.

Data sources in study This nature secondary and acquired from various publication scientific , including journal accountancy national and international that have through a peer-review process, the book text accounting and theory reporting finance , standards official IFRS and PSAK from IASB and IAI, as well as report results study from institution academic and organizational profession . Literature reviewed chosen based on criteria relevance to topic , recency (minimum 10 years) last ), and quality academic . Search literature done through databases such as ScienceDirect, JSTOR, Emerald Insight, Google Scholar, and the IAI digital library.

Data analysis techniques used is analysis thematic (thematic analysis) , namely with grouping Contents literature to in themes main points , such as : (1) concept base and space scope of IFRS 5 and PSAK 58; (2) relevance mark information accountancy post adoption standard ; (3) challenge implementation in the environment Indonesian companies ; and (4) the role of stakeholders interest in support implementation Standard . Analysis process done with compare findings between source For identify patterns , contradictions , and gap study .

For ensure credibility and objectivity , research This use principle triangulation source that is with compare a number of type source ( article) journals , books , documents policy ) in order to avoid interpretation bias . In addition that , approach this also pays attention to principle *critical appraisal* or evaluation critical to validity methodology used in studies previously , as suggested by Kitchenham (2004) in approach *systematic literature review* .

Methodology this also takes into account limitations in studies literature , such as potential selection bias literature , lack of quantitative data latest in the sector certain , and limitations in generalize findings. For that, the result study in study This No intended For give universal conclusion , but rather For build understanding conceptual and practical that can become base for study empirical furthermore .

With approach this, it is expected results studies capable describe condition real implementation of IFRS 5 and PSAK 58, at the same time give contribution to development theory reporting finance and practice accounting in Indonesia.

## RESULTS

A number of studies literature show that IFRS 5 implementation and adoption to in PSAK 58 has an impact significant to improvement quality report finance , in particular from aspect relevance value (*value relevance*). Research conducted by Rachmawati and Martani (2013) used the Ohlson (1995) model to test connection between information accounting ( profit and value book ) with price share company public in Indonesia before and after IFRS implementation . The results show improvement coefficient determination (  $R^2$  ), which indicates that information accountancy become more relevant to market value after implementation of IFRS 5.

In addition , a study by Siregar and Bachtiar (2018) found that the company that disclosed information related to " assets" owned For sold " and " discontinued operations " respectively . separated in report finance own level accuracy higher investor estimates good . This is caused by the presence of separation impactful information direct to decision strategic company and prospects future profit . Transparent data regarding the business unit that will be stopped allows investors to do adjustment valuation company in a way more appropriate .

Findings literature international also supports results said . Beuselinck et al. (2010) in his research to company Europe show that adoption of IFRS, including IFRS 5, improves *stock price informativeness* — ie reflected information in price share become more reflect mark intrinsic company . With presentation separated on elements that are not Again reflect operational sustainable , such as asset For sold and discontinued operations , users report finance can do analysis more performance accurate and free from bias.

However , other studies underline challenge in implementation of PSAK 58 in Indonesia. Susanto and Nuryanto (2020) noted that limitations understanding to draft mark reasonable and lacking integration system information accountancy become obstacle big in reporting assets "held for sale". Many companies have not capable assess and express information mark reasonable in a way appropriate Because lack of active market data . In addition , the classification asset often done only based on objective managerial without existence plan sale concrete , which is contradictory with substance from IFRS 5 Alone .

For give description about findings studies literature , following served Table 1 summarizes results main from a number of study relevant :

**Table 1. Summary of Literature Study Results about Implementation of IFRS 5 / PSAK 58**

No	Researcher	Year	Objects Study	Method	Key Findings
1	Rachmawati & Martani	2013	financial companies on the IDX	Ohlson Model	Relevance mark increase post IFRS 5
2	Siregar & Bachtiar	2018	Issuer sector manufacturing	Panel Regression	Transparency operation stopped increase investor estimates
3	Susanto & Nuryanto	2020	Conceptual study of Indonesia	Qualitative	Constraints: HR, values fair , and system reporting
4	Beuselinck et al.	2010	Companies in the European Union	Quant Panel Data	IFRS 5 improves stock price informativeness
5	The Story of Kurniawati & Arfianto	2021	Indonesian real estate companies	Event Study	Disclosure asset for sale influence market perception and pricing share

Apart from relevance value , study literature also mentions implications implementation of IFRS 5 on management profit and flexibility reporting . According to study by Puspitasari and Kusuma (2019), the company is located in pressure finance tend use "held for sale" classification for postpone confession loss or stop depreciation assets to increase profit term short . This is show that although IFRS 5 is intended For increase quality information , its application can also be used as means management perception .

In general overall , literature support that IFRS 5 and PSAK 58 have potential big in repair quality reporting finance through improvement relevance value and separation information that is not sustainable . However , the benefits the only can realized if company own system good reporting , source Power competent human resources , and compliance to the underlying principle of substance over form framework IFRS conceptual.

## DISCUSSION

The implementation of IFRS 5 and PSAK 58 provides change significant in method entity report asset No smoothly and operations are discontinued in report finance . With presentation separated For assets owned For for sale, and profit or make a loss from activities that are not Again continue , user report finance can to obtain a better picture clear about business strategy term long and term short company . This is in line with principle relevance in framework IFRS conceptual framework , which emphasizes that information presented must help taking decision economics (IASB, 2018).

Implementation of PSAK 58, which is adoption direct from IFRS 5 with adjustment local , proven increase quality disclosure and transparency information. For example , reports finance

company become more informative in highlight part ongoing business for sale or No Again produce profit .

This is enables investors and analysts For evaluate prospects finance company in a way more sharp . A study by Iatridis (2010) showed that transparency report IFRS - driven finance strengthens market efficiency and increase market discipline to management .

However , even though in a way IFRS 5/PSAK 58 conceptual promises improvement quality information , in the practice implementation standard this is still in Indonesia face various constraints . One of obstacle main is limitations ability entity in evaluate mark reasonable asset in a way reliable .

According to study Kieso, Weygandt, & Warfield (2020), assessment mark reasonable requires active and up-to-date market data, while in Indonesia it is still Lots entities that have not been own access or skill in determine mark reasonable in accordance IFRS 13 standard . This is at risk lower credibility report finance .

In addition , the classification a asset as "held for sale" requires existence plan concrete and commitment from management For sell asset the in term 12 months period . In practice , some entity do classification This without fulfil condition substantive , solely For stop shrinkage and repair report profit term short. Practice kind of This No only violate the principle of " substance over form " in IFRS, but can also misleading user report finance (Alexander & Nobes, 2020).

For illustrate condition implementation of IFRS 5/PSAK 58 in Indonesia, presented Table 2 the following shows comparison implementation in the company sector different .

**Table 2. Comparison Implementation of PSAK 58 in Several Industrial Sectors in Indonesia**

No	Industrial Sector	Types of Assets Sold	Compliance with PSAK 58	Main Obstacles	Impact to Report Finance
1	Properties	Building, land	Tall	Determination mark reasonable	Profit increases moment termination depreciation
2	Banking	Subsidiary (insurance)	Currently	Complexity entity consolidation	Increase information segmentation
3	Manufacturing	Machine , line production	Low	n't any plan sale concrete	Risk manipulation profit
4	Energy and Mining	Closed mining units	Currently	Uncertainty market price of assets	Volatility mark reasonable

Apart from the differences sector, internal company factors like quality source Power human , support system information accounting, and governance culture also have an impact significant to success implementation of PSAK 58. Companies with good governance tend apply classification assets and disclosure information in a way accurate and responsible answer. On the other hand , the company with governance weak more prone to do reporting that only nature cosmetics or opportunistic (Chen et al., 2014).

With consider findings said, can concluded that success the implementation of IFRS 5/PSAK 58 is highly dependent on the integrity management , readiness technical company, as well as role active auditors and regulators. Therefore that, is needed synergy between authority regulators (OJK, IAI), academics , and practitioner accountancy For strengthen understanding and implementation standard this is to be true give benefit to quality report finance in Indonesia.

## CONCLUSION

Study This to examine in a way deep implementation of IFRS 5 and PSAK 58 through approach studies literature , and shows that second standard This own role important in increase quality reporting finance , in particular in aspect transparency and relevance information . With classify asset No fluent owned For sold and discontinued operations in a way

separate, company can serve report more finances informative and accurate, which ultimately support taking decision economy by investors and stakeholders interest other.

Study results literature show that after implementation of IFRS 5/PSAK 58, there are improvement connection between information accounting (profit) clean and value book equity) with price shares, as reflected in increasing mark relevance report finance. Findings This consistent with theory relevance the value that states that report quality finance tall will reflected in company market valuation.

However Thus, the implementation standard this is still in Indonesia face a number of challenges, especially related with limitations in determination mark reasonable assets, lack of understanding technical from management and accounting company, as well as weakness in system information accounting support reporting IFRS based. In addition, there are indication that classification asset as "held for sale" often used as tool management profit term short, so potential reduce integrity reporting finance.

Factors such as governance company, effectiveness auditor oversight, and regulator commitment to become determinant important in ensure that IFRS 5/PSAK 58 does not only adopted formally, but also applied in a way substantive. With Thus, success implementation standard This multidimensional and demanding involvement from various stakeholders interest in ecosystem reporting finance.

In general Overall, IFRS 5 and PSAK 58 are instrument important in reporting reform global and national finance. If applied with right, standard This can give contribution significant to improvement capital market efficiency and trust public to report finance company.

## SUGGESTION

1. For Companies : Required improvement understanding to criteria classification "held for sale" assets and discontinued operations so as not to happen error implementation. Companies also need to strengthen system information capable accounting support reporting in accordance with IFRS 5/PSAK 58, and provide training periodic for staff accountancy.
2. For Regulators (OJK, IAI) : It is recommended that authorities... regulator more active in give guidance technical and supervision on implementation of PSAK 58, including compile guidelines practical (implementation guidance) and carry out socialization sustainable through educational workshops and forums.
3. For Auditors : The role of auditors is very crucial in evaluate whether a asset truly fulfil "held for sale" criteria. The auditor must increase skepticism professional and testing plan sale as well as reliability evaluation mark reasonable thing to do management.
4. For Researchers Next : Recommended For do study empirical based on quantitative data in sectors specific for measuring impact specific from PSAK 58 regarding performance finance and market reaction. Research studies case depth is also important For explore How implementation standard This different between company.
5. For the World of Education : Institutions education tall need ensure that curriculum accountancy covers learning deep about IFRS and IFRS -based PSAK, with studies case real and approach practical, to prepare competent graduates in face challenge real world implementation.

## LIMITATION

This study is limited in terms of its approach and scope of analysis. It employs a qualitative descriptive method through a systematic literature review, without involving primary data collection such as surveys or interviews. All analysis is based on secondary sources, including academic journals, accounting standards (IFRS and PSAK), and other relevant scholarly

documents. The main focus is on IFRS 5 and its adoption in Indonesia through PSAK 58, without a detailed discussion of other related standards or accounting practices beyond this scope.

Another limitation lies in the object and contextual coverage. This study does not focus on a specific industrial sector but instead reviews findings from various industries based on literature published within the last ten years. Since the study relies solely on secondary data and does not analyze real-world cases in specific companies, the findings are conceptual and not intended for broad generalization. Rather, this review aims to provide a theoretical foundation for a better understanding of the implementation of IFRS 5/PSAK 58 and to serve as a reference for future empirical research.

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