ANALYSIS OF THE APPLICATION OF PSAK 106 AT BPRS HAJI MISKIN PANDAI SIKEK, TANAH DATAR REGENCY

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ABSTRACT

This study is prompted by the fact that musyarakah financing has not yet been fully implemented in Islamic financial institutions. Clarification is required for recognition, measurement, presentation, and accounting disclosure. The implementation of the musyarakah contract is still hampered by a number of practical issues, which should be rectified in order to meet its aims. This study attempts to assess if the BPRS Haji Miskin records musyarakah funding transactions in line with PSAK 106. This qualitative descriptive research describes the implementation of PSAK 106 at BRPS Haji Miskin. According to the findings of the study, the application of PSAK 106 to musyarakah financing at BPRS Haji Miskin largely adhered to PSAK 106. Nonetheless, there were other aspects of recognition and presentation that need improvement. As cash given to clients is presented as musyarakah financing, musyarakah financing should be recorded as musyarakah investments in a journal. In addition, although the majority of BPRS Haji Miskin's recording has been forwarded to PSAK 106, some transactions still need to be completed, thus the recording is not completed.

Keywords: PSAK 106; Musyarakah Financing; Islamic Financial Institutions.

INTRODUCTION

Doing business is one of the activities that must be carried out by humanity; this is because humans have socialist characteristics; namely, humans need one another (Sulistiyowati, 2017). Doing business is the same as other human muamalah activities, which generally have rules. Every human being or community has a certain target in establishing a business, this target is not only looking for profit or profit as much as possible but more than that, namely trust or recognition as evidenced by performance results (Sudarso et al., 2021). The performance of a business organization is a measure that describes the condition of the business organization both in terms of finance, marketing and so on. The performance of business organizations is very decisive for the community's preferences, stakeholders and bondholders to invest in these business organizations (Purwanti, 2013).

One of the business organizations that is the prima donna of investors is banking because these business organizations' performance can be easily measured and analyzed (Asra, 2018). Apart from this, banking is also a highly recommended muamalah activity; besides being a vehicle for financing transactions and other services in payment traffic.
and money circulation, it can also be one of the motors of the people's economy (Inayah, 2020). Banks are intermediary financial institutions or commonly called financial intermediaries, meaning that the bank functions to bring together two or more parties, namely parties who need funds (borrowers) on the one hand and parties who have excess funds (savers) on the other side (Rahmarisa, 2019). Therefore, the bank's business will always be associated with money issues, which are the main means of facilitating trade.

Islamic and conventional banks have similarities in terms of money acceptance techniques, technology, and transfer mechanisms (Satria & Setiani, 2018). However, there are several fundamental differences between the two which lie in the distribution of results, orientation/goals, dispute resolution institutions, work environment, relationships with customers, businesses financed, financing/investment products and legal aspects (Pujiat, 2016).

In 1990, the Indonesian Ulema Council (MUI) formed a working group to establish Islamic banks in Indonesia. As a result of the work of the MUI Banking team, the first Islamic bank in Indonesia was created, namely PT. Bank Muamalat Indonesia (BMI) was established on November 1, 1991, and on May 1, 1992, BMI officially operated. According to Islamic Banking statistical data, until 2018 there were 13 Islamic Commercial Banks (BUS), 21 Islamic Business Units (UUS), and 168 Islamic People's Financing Banks (BPRS) (Financial Services Authority, 2018).

Islamic People's Financing Banks (BPRS) carry out business activities based on sharia principles which do not provide services in payment traffic, as stipulated in Law Number 21 of 2008 concerning Islamic Banking (Prasetyoningrum, 2010). The presence of Islamic People's Financing Banks (BPRS) is aimed at increasing the welfare of the Islamic economy, especially the middle and lower economic communities whose locations are in rural areas, not yet optimally reached by commercial bank services (Anjarsari, 2019). One of the financing transactions in BPRS is musyarakah financing with a profit-sharing system.

According to Hasanuddin & Mubarok (2018), musyarakah is a cooperation or mixing contract between two or more parties to conduct a lawful and profitable business with an agreement that profits will be shared according to the agreed ratio and risks will be borne in proportion to the proportion of the cooperation. Similarly, the fatwa DSN-
MUI/IV of 2000 number 8 explained that a musyarakah contract is a cooperation contract between two or more parties to run a business, in which each party issues funds with an agreement that the profits and risks will be shared in accordance with the agreement made at the outset of the contract (Fitriani, 2018).

Musyarakah in the banking system is usually applied to finance an activity, be it a form of business or project where the bank and the customer both provide capital or assets for the implementation of an activity after the business or project carried out is completed, the customer returns the capital that has been used. With profits based on agreed profit sharing (Ilyas, 2015). Based on fiqh scholars, musyarakah is divided into 2, namely, syirkah al milk, which means joint ownership whose existence occurs when two or more people acquire joint ownership of an asset. Syirkah al'uqud means a partnership arising from an agreement between two or more people to work together to achieve certain goals. In syirkah al'uqud it is divided into several types, among others, syirkah abdan, syirkah wujuh, syirkah 'inan, and syirkah mufawwaddah (Sri Nurhayati, 2015).

The capital provided in a musyarakah agreement may be in the form of cash, cash equivalents, or noncash assets. Each partner is required to contribute funds and labor (Harahap, 2018). Profits and revenues of the musyarakah are shared among the musyarakah parties based on an agreement. In contrast, the losses of the musyarakah are shared among the musyarakah partners proportionally based on paid-up capital. Because each partner cannot guarantee other funds, each partner can accept other partners to provide guarantees for negligence or intentional errors (Nafi'an, 2015). In musyarakah financing, some active partners manage the musyarakah business, and passive partners who provide funds and do not participate in managing the business are usually financial institutions (Hidayat, 2017).

In the accounting treatment of musyarakah financing, it is required to follow the regulations of the Statement of Islamic Financial Accounting Standards (PSAK) 106 concerning musyarakah. This suitability is required because PSAK is a guide for preparing reliable, accurate, relevant and quality financial reports to obtain information about economic conditions and can be used in making decisions (Yusuf, 2012). In general, PSAK 106 discusses the characteristics of musyarakah financing, the recognition and measurement of musyarakah financing, and the presentation and
disclosure of musyarakah financing. PSAK 106 also provides guidelines for accounting recognition for active and passive partners, at the time of the contract, during the contract and when the contract ends (Ma'aruf, 2018). Not only that, but PSAK 106 also provides minimum presentation requirements for active partners and passive partners, but PSAK 106 does not regulate the accounting treatment of sharia bonds (Sukuk) that use musyarakah contracts. PSAK 106 also emphasizes that there are two types of musyarakah financing products, namely permanent musyarakah and mutanaqisah musyarakah (Novisra & Bustamam, 2019).

BPRS Haji Miskin Pandai Sikek is a sharia financial institution, one of which is organizing musyarakah financing. The following is data on musyarakah financing at BPRS Haji Miskin in the last 3 years. (Table 1)

Even though there has been a decrease in the number of customers, in the last 3 years BPRS Haji Miskin has continued to provide musyarakah financing. This study wanted to find out whether the recording of the Musyarakah financing of the BPRS Haji Miskin has implemented the standards imposed by PSAK 106. This research was conducted by comparing the suitability of the accounting application used by the BPRS Haji Miskin, starting from the process of recognition, measurement, and disclosure and presentation with PSAK 106 (BPRS, 2016)

**METHODS**

Method is a method of work that can be used to obtain something. While the research method can be interpreted as a work procedure in the research process, both in searching for data or disclosing existing phenomena (Zulkarnaen, W., et al., 2020). This type of research is descriptive with a qualitative approach that discusses the application of musyarakah accounting to PSAK 106 at BPRS Haji Miskin, where studies are carried out in realistic situations and will provide a complex picture of the results of research to be carried out at BPRS Haji Miskin. The data in this study are primary and secondary. Primary data was obtained through interviews with the directors and accounting of the BPRS Haji Miskin regarding the application of PSAK 106 Accounting to the BPRS Haji Miskin. Secondary data in this study is in the form of evidence, notes and financial reports in the form of balance sheets and income statements. The data analysis technique in this study was to present analytical questions and then make short notes
during the research to see how the implementation of the BPRS Haji Miskin, when compared to PSAK 106, concludes.

RESULTS AND DISCUSSION

Musyarakah Accounting Treatment at BPRS Haji Miskin

The following is an example of a customer case who applied for musyarakah financing to the BPRS Haji Miskin with a financing capital of Rp. 30,000,000,- (thirty million rupiah). The capital is used for business capital to purchase raw materials for house construction projects. As for the profit sharing that has been agreed upon, BPRS Haji Miskin 32.02% and Customers 67.98%. Before deliberations about the percentage of profit sharing, the customer must first estimate the profit the customer will get from the results of his business. In this case, the customer estimates the profit he gets is Rp. 9,837,400,-. So that the profit sharing for the BPRS is IDR 3,150,000,- and customers 6,687,400,-. After calculating the distribution of profits, the BPRS Haji Miskin and the customer agree to pay the monthly instalments until payment is made. The customer must pay Rp. 450,000,- for 7 months, a total of 3,150,000 me (a profit share for the BPRS). So the total that customers have to pay to BPRS Haji Miskin is 33,150,000,- (Rp. 30,000,000 + 3,150,000).

The recording of musyarakah financing accounting journals at BRPS Haji Miskin is as follows:

a. Recognition and initial measurement of the musyarakah financing contract based on the recording of the BPRS Haji Miskin

   When payment is given to the customer

   Musyarakah financing IDR 30,000,000
   Cash IDR 30,000,000

b. Recognition and measurement of profit sharing for musyarakah financing based on the recording of BRPS Haji Miskin.

   Cash Rp. 450,000
   RP revenue sharing 450,000

c. Recognition and measurement of musyarakah financing in the event of a loss based on the recording of the BPRS Haji Miskin.

   (never recorded a loss so far)

   Musyarakah loss expenses xxx
d. The final recognition and measurement of musyarakah financing are based on the recording of the BPRS Haji Miskin.

Cash
Musyarakah financing

IDR 33,150,000
IDR 33,150,000

Furthermore, recognize it as a receivable if it is due but has not been returned as follows:

Musyarakah receivables
Revenue receivables

Rp.455,000
Rp.455.00

({Rp. 450,000 + Rp. 5,000} if the customer has not paid the principal monthly instalments that are due, then the customer is subject to a fine of Rp. 5,000. Furthermore, this fine will go into the infaq fund at BPRS Haji Miskin).

Based on the results obtained from interviews and documentation research, the recognition and measurement of the beginning and end of musyarakah financing in the recording of PT BPRS Haji Miskin when compared to PSAK 106 is as follows

a. Recognition and Measurement

1) At the beginning of the Akad

BPRS Haji Miskin recognizes musyarakah financing at the start of the contract by debiting musyarakah financing and crediting it as cash while the journal is as follows:

Musyarakah financing
Cash

xxx
xxx

Statement in PSAK No. 106, paragraphs 14 and 15 explain that:

- *Musyarakah investments are recognized when cash or non-cash assets are transferred to the musyarakah business.* (PSAK No. 106, paragraph 14)
- *In the form of cash valued at the amount submitted.* (PSAK No. 106, paragraph 15)
- *The form of non-cash assets is valued at fair value. Suppose there is a difference between the fair value and the book value of non-cash assets. In that case, the difference is recognized as the difference in the valuation of the musyarakah assets. It is amortized over the term of the musyarakah contract.* (PSAK No. 106, paragraph 15)
The recording of the initial recognition and measurement of musyarakah financing by the BPRS Haji Miskin is not following the recording in PSAK 106, whereby the provision of cash to customers is recognized as non-investment financing. Apart from that, BPRS Haji Miskin has not yet provided the transfer of non-cash assets.

2) At the time of profit sharing

The determination of the profit sharing ratio at the BPRS Haji Miskin is recognized following the initial agreement between the partners and the BPRS Haji Miskin. Profit sharing on musyarakah financing at BPRS Haji Miskin uses a profit-sharing system, which is calculated from the profits obtained after the business income earned is deducted from the business expenses of musyarakah management.

The journals are as follows:

Cash xxx
Profit sharing income xxx

Based on PSAK statement No. 106, paragraph 23 explains that: "Revenues from musyarakah operations that become the rights of active partners are recognized in the number of their rights following the agreement on musyarakah business revenues. Meanwhile, business income for passive partners is recognized as the passive partner's right to profit sharing and obligations. (PSAK No. 106, paragraph 23).

Judging from the recognition and measurement when the profit sharing of musyarakah financing at BPRS Haji Miskin is also in accordance with PSAK No. 106 paragraph 23.

3) If a Loss Occurs

If there is a loss at the BPRS Haji Miskin, the bank acknowledges it and records it; the loss is recognized during the period the loss occurs with the portion of each fund and reduces the balance of musyarakah financing, but before that, the bank will first review the cause of the loss due to the disaster natural or personal character (negligence of the partner), if due to a natural disaster, the partner only pays the principal instalments without paying profit sharing. The journal is as follows:

Misyarakah Loss Expenses xxx
Allowance for losses on receivables xxx

With PSAK No. 106, paragraphs 24 and 25, BPRS Haji Miskin has done this.

4) At the End of the Akad
BPRS Haji Miskin recognizes repayment at the end of the financing after receiving cash from partners as a return on the loan principal. The journals are as follows:

Cash xxx
Musyarakah financing xxx

Furthermore, recognize it as a receivable if it is due but has not been returned, as follows:

Musyarakah receivables xxx
Revenue receivables xxx

This follows PSAK No. 106, Paragraph 33, which states, "When the contract is terminated, musyarakah investments that the active partner has not returned are recognized as receivables". (PSAK No. 106, Paragraph 33)

b. Presentation and Disclosure

BPRS Haji Miskin as a passive partner, disclosed the agreement at the initial contract agreement regarding the distribution of profit-sharing ratios, periods, portions of funds and so on related to the musyarakah activity. Musyarakah financing provided is presented in the financial statements of the BPRS Haji Miskindi balance sheet on the assets side. In contrast, profit sharing is presented in the income statement in the income group in the main operating income post. Everything related to musyarakah transactions is disclosed in the notes to the financial statements following accounting standards regarding the presentation of Islamic financial statements. Regarding disclosure, the accounting treatment of BPRS Haji Miskin conforms to PSAK No. 106, which states: "Partners declare matters relating to musyarakah transactions, but not limited to”:

- The contents of the principal musyarakah business agreements, including the division of funds, distribution of business results, musyarakah business activities, and others.
- Business manager, if not, there is no active partner, and
- The required disclosures are adjusted to PSAK No. 101 concerning the Presentation of Islamic Financial Statements. (PSAK No. 106, Paragraph 37)

Analysis

BPRS Haji Miskin has activities to collect funds from customers in the form of savings, distribute funds in the form of financing to customers, and provide other financial services. The financing carried out by BPRS Haji Miskin has a profit sharing
percentage of 32.02: 67.98, namely 32.02% for the bank and 67.98 for the customer, but in practice negotiations can be carried out following the agreement of the two parties. The following table compares the Poor Haji BPRS and PSAK 106.

Based on the table 2, the BPRS Haji Miskin in implementing PSAK 106 must be fully appropriate. Most of the recognition and disclosure are appropriate, but the recognition at the beginning of the contract and presentation needs to be revised. When handing over cash or non-cash assets at BPRS Haji Miskin recognizes it as musyarakah financing, it should be recognized as a musyarakah investment. In addition, musyarakah financing should consist of several stages, which are carried out and then transactions are recorded refer to PSAK 106. However, at BRPS Haji Miskin, many transactions that should be carried out following musyarakah financing do not occur, so the accounting records are not carried out.

**CONCLUSION**

The application of BPRS Haji Miskin accounting for musyarakah financing, starting from the realization of the financing until the end of the financing, which includes recognition and disclosure, is mostly following the statement of financial accounting standards (PSAK) 106, there are only a few parts that are not appropriate. When measuring the poor Haji, BPRS only uses funds in cash, while in non-cash form, there is no acknowledgement of profits that are not fully following PSAK 106. According to PSAK No. 106 paragraph 09, the profits of a musyarakah business are divided among partners in proportion to deposited funds (both in the form of assets and non-cash assets). In practice, the BPRS Haji Miskin admits that profit sharing is carried out proportionally; it is just that the amount of profit is estimated at the beginning, not according to the actual profit obtained by the customer from the results of his business. The limitation of this study is that it only looks at the suitability of recording with PSAK 106 and has not compared its suitability with the DSN MUI Fatwa.

**REFERENCES**


Penerbit Universitas Islam Negeri Maulana Malik Ibrahim.


**TABLE**

Table 1. Number of Customers and Profit-Sharing Financing Assets of Musyarakah Contracts

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of customers</th>
<th>Nominal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>12</td>
<td>IDR 3,828,170,831</td>
</tr>
<tr>
<td>2020</td>
<td>12</td>
<td>IDR 3,770,000,000</td>
</tr>
<tr>
<td>2021</td>
<td>6</td>
<td>IDR 1,655,000,000</td>
</tr>
</tbody>
</table>

Source: BPRS Haji Poor

Table 2. Summary of Conformity Results of BPRS Haji Miskin with PSAK 106:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>PSAK No. 106</th>
<th>BRPS Haji Miskin</th>
<th>suitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Confession 1. At the time of the contract</td>
<td>1. Musyarakah investments are recognized when cash or non-cash assets are paid for the musyarakah business (PSAK No. 106 Paragraph 14)</td>
<td>1. BPRS Haji Miskin admits that this is non-musyarakah financing and that BPRS Haji Miskin has never provided non-cash assets.</td>
<td>Not yet In accordance</td>
</tr>
<tr>
<td>2. At the time of profit sharing</td>
<td>2. Musyarakah operating income which becomes the right of the active partner, is recognized to the extent of his rights following the agreement on musyarakah operating income. Meanwhile, operating income for passive partners is recognized as the passive partner's right to profit sharing and obligations (PSAK No. 106, Paragraph 23)</td>
<td>2. Determination of the profit sharing ratio at BPRS Haji Miskin is recognized in the number of its rights according to the initial agreement between the partners and Haji Miskin by debiting cash and crediting profit sharing income.</td>
<td>Already In accordance</td>
</tr>
<tr>
<td>3. At the time of loss</td>
<td>3. Musyarakah investment losses are recognized following the portion of each partner's funds and reduce the value of musyarakah assets. (PSAK No. 106, paragraph 24)</td>
<td>3. If there is a loss at the BPRS Haji Miskin, the bank recognizes it and records it; the loss is recognized at the time the loss occurs with each portion of funds and reduces the balance of musyarakah financing by debiting musyarakah loss expenses and crediting reserves for musyarakah financing losses. So far, there has been no record because there has been no</td>
<td>Already In accordance</td>
</tr>
<tr>
<td>4. at the end of the contract</td>
<td>loss</td>
<td>Already In accordance</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
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<td></td>
</tr>
<tr>
<td>4. When the contract is terminated, <em>musyarakah</em> investments that the active partner has not returned are recognized as receivables. (PSAK No. 106, Paragraph 33).</td>
<td>4. BPRS Haji Miskin recognizes as a receivable if it is due but has not been returned.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### B. Presentation

| Cash or non-cash assets handed over to active partners are presented as *musyarakah* investments (PSAK No. 106, Paragraph 35) | BPRS Haji Miskin as a passive partner presents every account related to cash and non-cash assets both at the time of realization of *musyarakah* financing; the bank presents records by debiting *musyarakah* financing. | Not yet In accordance |

### C. Disclosure

| Partners disclose matters related to *musyarakah* transactions, but not limited to: a. The contents of the main *musyarakah* business agreements, such as the portion of funds, distribution of business results, *musyarakah* business activities, and others b. Business manager, if not, there is no active partner; and c. The required disclosures are adjusted to PSAK No. 101 concerning the Presentation of Islamic Financial Statements. (PSAK No. 106, Paragraph 37). | BPRS Haji Miskin as a passive partner, disclosed the agreement at the initial contract agreement regarding the distribution of profit-sharing ratios, periods, portions of funds and so on related to the *musyarakah* activity. *Musyarakah* financing provided is presented in the financial statements of BPRS Haji Miskin in the balance sheet on the assets side. In contrast, profit sharing is presented in the income statement in the income group in the main operating income post. | Already In accordance |