

THE FINANCIAL FRAMEWORK OF *MUSYARAKAH*: INSIGHTS FROM *BMT* BERINGHARJO'S ACCOUNTING PRACTICES

ANALISIS PERLAKUAN AKUNTANSI PADA PENDAPATAN BAGI HASIL PEMBIAYAAN *MUSYARAKAH* DI BAITUL MAAL WAT TAMWIL (BMT) BERINGHARJO KC KAUMAN YOGYAKARTA

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Abstract

Baitul Maal wat Tamwil (BMT), also known as a sharia financial institution, is experiencing a rapid development. As a Microfinance Institution (LKM), BMT operates according to Islamic principles by driving productive economic businesses that promote middle to lower class entrepreneurs, with a focus on independence and self-sufficiency. The aim of this study is to analyze the implementation, determination of profit-sharing ratios, and accounting treatment of revenue from musyarakah-based profit-sharing financing at BMT Beringharjo KC Kauman Yogyakarta, along with its compliance with PSAK 106. This research adopts a qualitative approach with a descriptive method. The data employed in this study comprise both primary and secondary data, collected through interview and documentation techniques. The findings of this study reveal that the profit-sharing ratio is established by distributing profits in a non-proportional manner with respect to the contributed capital, in accordance with the capacity of partners/members. The applied accounting treatment, evaluated based on characteristics, recognition, measurement, presentation, and disclosure, conforms to PSAK 106.

Keywords: *financing, musyarakah, profit sharing, PSAK 106*

Abstrak

Baitul Maal wat Tamwil (BMT), dikenal juga sebagai lembaga keuangan syariah, tengah mengalami perkembangan pesat. Sebagai Lembaga Keuangan Mikro (LKM), BMT beroperasi sesuai prinsip Islam dengan menggerakkan usaha ekonomi produktif yang mempromosikan pengusaha menengah hingga ke bawah, dengan fokus pada kemandirian dan keswadayaan. Penelitian ini bertujuan untuk menganalisis pelaksanaan, penentuan nisbah/bagi hasil, dan perlakuan akuntansi pada pendapatan bagi hasil pembiayaan *musyarakah* di BMT Beringharjo KC Kauman Yogyakarta serta kesesuaiannya dengan PSAK 106. Jenis penelitian ini adalah penelitian kualitatif dengan pendekatan deskriptif. Data yang digunakan dalam penelitian ini adalah data primer dan sekunder dengan teknik pengumpulan data dengan cara melakukan

wawancara dan dokumentasi. Hasil penelitian ini menunjukkan Pertama, dalam pelaksanaan pembiayaan musyarakah, terdapat serangkaian prosedur yang harus diikuti oleh mitra/anggota, dimulai dari pemenuhan persyaratan, pertimbangan dan survei oleh pihak BMT, hingga akad musyarakah dan pencairan dana. Penentuan nisbah bagi hasil juga dilakukan melalui kesepakatan yang dibicarakan saat survei. Kedua, terkait akuntansi, penerapan PSAK 106 untuk pembiayaan musyarakah di BMT Beringharjo KC Kauman sesuai dengan karakteristik dan prinsip akuntansi yang diatur dalam PSAK tersebut.

Kata kunci: pembiayaan, *musyarakah*, bagi hasil, PSAK 106

A. Introduction

Through the establishment of Bank Muamalat Indonesia (BMI) in 1991, Islamic banking joined the main stage in the 1990s (Antonio, 2001). BMI commenced operations on May 1, 1992. Indonesia's Islamic banking institutions are currently subject to regulation under Law No. 21 of 2008. In this context, Islamic accounting is crucial, as it employs an accounting approach that is rooted in the Qur'an and Al-Hadith, both in the recording of transactions and in the management of its accounting cycle of operation.

Baitul Maal wat Tamwil (BMT), which is further referred to as Islamic financial institutions, is being rapidly developed. BMT, a Microfinance Institution (MFI), operates in accordance with Islamic principles by focusing on self-reliance and self-sufficiency by mobilizing productive economic businesses that support middle to lower class entrepreneurs. BMT uses a profit-sharing system to conduct savings and loan activities (Rosilawati, 2013). The principle of profit sharing is the primary foundation of Islamic banking, which emerged as a viable alternative to the conventional banking system that employs interest. The *musyarakah* contract is the contract that is typically employed in the context of *musyarakah* financing. Effective management of *musyarakah* financing has the potential to increase income through profit sharing. In Islamic banking, profit-sharing income is the revenue that banks generate from their investments in productive assets, which encompasses the placement of funds with other parties (Muhammad, 2002).

Several previous studies have investigated the accounting treatment of profit-sharing income from *musyarakah* financing in both BMT and Islamic banks (Linaria & Chintya, 2017; Susanto, Morasa, & Wokas, 2017; Suryahadi, 2018). Linaria and Chintya (2017) discovered that the sharia accounting treatment of *musyarakah* financing in BMT has not fully implemented PSAK 106. This is due to the fact that the measurement only considers funds in the form of cash, ignoring non-cash funds that are classified as less

effective and complicate management, potentially increasing risks for BMT. Concurrently, the accounting treatment of *musyarakah* financing in Islamic banks is consistent with PSAK 106, as demonstrated by additional research conducted by Susanto, Morasa, and Wokas (2017) and Suryahadi (2018).

The research conducted by Linaria and Chintya (2017) is replicated in this study, but with a specific emphasis on BMT Beringharjo KC Kauman. BMT Beringharjo KC Kauman has demonstrated its resilience in the face of the 1997 monetary economic crisis and has expanded to 18 branch offices. This study examines the accounting treatment of *musyarakah* financing profit-sharing income. The significance is in the examination of the inconsistency in the ratio between *mudharib* and *shahib al-maal* in Islamic financial institutions, which is frequently influenced by the considerations of the parties involved and the necessity of public understanding of the accounting treatment of profit sharing in fund distribution products at these institutions.

This research focuses on the accounting treatment of profit-sharing income from *musyarakah* financing at BMT Beringharjo KC Kauman Yogyakarta and the degree to which it adheres to PSAK 106. In the context of specialized Islamic financial institutions, this research aims to provide a more comprehensive understanding of the topic by investigating the implementation, determining the ratio, and accounting treatment of profit-sharing income.

B. Literature Review

1. Baitul Maal Wat Tamwil (BMT)

Baitul Maal Wat Tamwil (BMT) Concept

Baitul Maal wat Tamwil (BMT) is a financial institution that combines two components: *baitul maal* (house of wealth) and *baitul tamwil* (house of business). *Baitul maal* is more concerned with the management of funds that do not generate profits, such as *zakat*, *infaq*, and *sadaqah*, whereas *baitul tamwil* is associated with the management of commercial funds (Huda and Heykal, 2010). This defines BMT as an organization that consolidates endeavors to collect and distribute funds in accordance with the principle of profit sharing, with the objective of fostering the growth of micro and small businesses, thereby facilitating the empowerment of the underprivileged (Aziz, 2006).

Soemitra (2014) acknowledges the dual function of BMT, which serves as an intermediary for the management of religious treasures (including *zakat*, *infaq*, *sadaqah*, and *waqf*) and an institution that engages in productive investment, a role that is comparable to that of banking. Consequently, BMT's responsibilities are not restricted to the financial sector; they also encompass the financial sector.

The Basic Principles of Baitul Maal Wat Tamwil (BMT)

Sudarsono (2014) identifies three principles that underpin BMT operations:

a. Profit Sharing Principle

Mudharib (fund manager) and *shahibul maal* (fund owner) collaborate in a business under the profit-sharing principle. The division of losses and profits is also determined by the agreed-upon ratio. This principle is implemented in the production of *musyarakah* and *mudharabah* products.

b. Sale and Purchase Principle with Mark-up (Profit)

This principle entails BMT serving as an intermediary in purchasing and selling transactions. BMT purchases items on behalf of customers and subsequently resells them for additional profit. This principle is typically implemented in products such as *murabahah*, *salam*, *ijarah*, and *bai' al-istishna*.

c. Principle of Service/Fee

This principle results in social financing, in which the BMT provides financing without the expectation of profit or profit sharing. *Wakalah*, *hawalah*, *kafalah*, *ar-rahn*, and *al-qard* are among the products that fall under this principle.

2. Musyarakah Akad

The concept of Musyarakah Akad

Shirkah, or *musyarakah*, is a contract of cooperation between multiple parties in a specific business. These parties collaborate to accomplish a shared objective and contribute funds. The distribution of profits and losses is contingent upon the contributions of each party. The MUI National Sharia Council (DSN) and PSAK 106 have both endorsed the principle of *musyarakah* (Indonesian Institute of Accountants, 2007).

***Musyarakah's* Legal Foundation**

The principles of the Qur'an and As-Sunnah are the foundation for the implementation of *musyarakah*. Qur'anic verses such as QS. An-Nisa: 12 and QS. Sad: 24 establish the groundwork for cooperation in terms of profit and justice, while quotations from the As-Sunnah underscore the significance of loyalty and protection from betrayal in cooperation.

Types of *Musyarakah*

Permanent *musyarakah* and declining *musyarakah* (*mutanaqisah*) are the two types of *musyarakah* under PSAK 106. Permanent *musyarakah* entails the equitable distribution of funds until the conclusion of the contract period, whereas declining *musyarakah* involves the gradual transfer of funds from one partner to another (Indonesian Institute of Accountants, 2007).

The Foundation of *Musyarakah*

Nurhayati and Wasilah (2015) underscore the importance of four fundamental components of *musyarakah*: the existence of actors, the object of *musyarakah* (capital and work), *ijab kabul* (agreement), and profit ratio.

The Calculation of the *Musyarakah* Akad Ratios

There are two methods for determining the profit-sharing ratio of *musyarakah*. The first is proportional sharing based on the invested capital, while the second is disproportional sharing, which takes into account factors such as experience, responsibility, and competence (Nurhayati and Wasilah, 2015).

3. The Treatment of *Musyarakah* Accounting (Institute of Indonesia Chartered Accountants)

The Accounting for Active Partner

In the accounting for active partners in *musyarakah* investment, the procedure is acknowledged when funds or non-cash assets are delivered for the implementation of *musyarakah* business. Several factors are considered when evaluating this investment: if it is in the form of cash, the value is equivalent to the amount received; if it is in the form of non-cash assets, the value is determined at fair value.

The difference in valuation of *musyarakah* assets is recognized and amortized over the contract period when the fair value exceeds the book value. The difference between the fair value and the book value is recorded as a loss upon the delivery of the non-cash asset if the fair value is lower. Consent from all partners is required for costs associated with the *musyarakah* contract, including feasibility studies, to be considered part of the *musyarakah* investment. Funds received from passive partners, such as Islamic banks, are classified as temporary *shirkah* funds or *musyarakah* investments, contingent upon their form.

The calculated share of the active partner in the declining *musyarakah* investment is the sum of the initial funds and the returned temporary *shirkah* funds, minus any potential losses. The *musyarakah* investment that has not been returned to the passive partner is designated as a liability upon the expiration of the contract. In accordance with the agreement, the active partner's income from the *musyarakah* business is recognized as their right, and losses are recognized in proportion to the proportion of funds. The financial statements of the active partner should include information regarding the *musyarakah* business, such as cash investments or non-cash assets, temporary *shirkah* funds, and any discrepancies in the valuation of *musyarakah* assets.

The Accounting for Passive Partners

Accounting for passive partners in *musyarakah* investment involves the recognition of the investment upon the payment of funds or the delivery of non-cash assets to the active partner. Cash value or fair value of non-cash assets are used to evaluate the investment. If the fair value is greater than the book value, the difference is recognized as amortized deferred gain. The amortization of deferred gains is reduced and non-cash *musyarakah* investments are subject to depreciation when measured at the fair value of the assets delivered. In order for the costs associated with the *musyarakah* contract to be recognized as part of the investment, all partners must also agree to them.

By combining the initial funds less losses, or the fair value of the *musyarakah* asset at the time of delivery, net of depreciation and losses, the passive partner's share in a declining *musyarakah* investment is determined. The active partner's investment that has not been returned is considered as a receivable upon the contract's expiration. In accordance with the agreement, the passive partner's share of income from the *musyarakah* investment is acknowledged, while investment losses are deducted according

to the fund's portion. In addition to the deferred gain from the difference in valuation of non-cash assets recognized as opposed to the *musyarakah* investment, the passive partner's financial statements should include the investment in cash or non-cash assets delivered to the active partner.

4. *Nisbah* Profit-Sharing Ratio

Definition of *Nisbah* Profit-Sharing Ratio

Nisbah is the contractually stipulated profit-sharing percentage. Based on an agreement between the two parties, the profit-sharing ratio is the percentage of profit that the *shahibul maal* and *mudharib* earn. If the business incurs a loss as a result of business risk, rather than the *mudharib*'s mistakes, the distribution of losses is determined by the proportion of capital deposited by each party. Due to the fact that the *shahibul maal* owns the entire capital invested in the *mudharib*'s business, the *shahibul maal* is solely responsible for the business's losses. Due to this, the profit-sharing ratio is also referred to as the profit ratio (Afifi, 2017).

The Difference between Profit Sharing and Interest Sharing

In Islam, interest is prohibited, while profit sharing is permitted, both of which offer advantages. The fundamental distinction between the two is the lending of money and the engagement in investment activities (Wirnyaningsih, 2005). The distinction between interest and profit sharing is illustrated in Table 1 as follows, as per Antonio (2001).

Table 1.
The distinction between interest and profit sharing

Interest	Profit sharing
There is no risk-return sharing. The bank expects that the interest rate will always be profitable, and the amount of interest is determined during the contract.	In accordance with the principle of risk and return sharing. A profit-sharing ratio is established during the contracting process in consideration of the potential for profit or loss.
The interest rate is determined by a percentage of the loan principal (capital)	The profit-sharing ratio is determined by the percentage of profit generated.
Interest payments are fixed as per the agreement, unaffected by the real outcome (profit/loss) of the utilization of funds.	The nominal profit-sharing amount will fluctuate in accordance with the fund's actual profit. The loss will be shared if the business experiences a loss.

Interest	Profit sharing
Any sort of interest is doubted or even condemned by all religions in their holy books.	No one disputes the legitimacy of profit sharing, nor does anyone assign condemn for it, as it is founded on the principles of justice that are derived from Islamic law.

Source: Antonio (2001)

C. Research Method

Research Setting

The study was conducted at the BMT Beringharjo Kauman Branch Office Yogyakarta, a non-bank financial institution situated at Jl. Kauman No. 14, Ngupasan, Gondomanan, Yogyakarta Special Region. The location was selected due to the fact that BMT Beringharjo Yogyakarta is a financial institution that has been able to withstand the monetary economic crisis of 1997 and has continued to expand to 18 branch offices, thereby demonstrating the superiority of the Islamic institution system.

Source and Type of Data

The authors employed a descriptive qualitative research method that was founded on in-depth phenomena in this study. Hypothesis testing is not implemented in this investigation. The data sources employed in this investigation are primary and secondary. This study's primary data consists of responses from interviews with authorized members or employees who are involved in *musyarakah* financing, as well as the parties involved. The secondary data in this study is derived from a variety of sources, including books, journals, websites, and other relevant sources.

Data Collection Technique

The authors employed two distinct data collection techniques in this investigation, which included:

- a. Field research (observation), which is conducted directly to obtain data by conducting interviews with the parties involved.
- b. Literature research, which is the process of collecting literature that is relevant to and supports this research, including company documents, archives, and other significant records.

Data Analysis

The data analysis method employed in this study is qualitative descriptive analysis, which involves the description and comparison of the objective conditions of the research that occur with PSAK. This is conducted to further describe the accounting treatment of *musyarakah* financing profit sharing income at BMT Beringharjo KC Kauman Yogyakarta.

After acquiring data and describing the accounting treatment of *musyarakah* financing profit sharing income at BMT Beringharjo KC Kauman Yogyakarta, the following steps were taken:

1. Providing an explanation of the various profit-sharing financing products that BMT Beringharjo KC Kauman Yogyakarta provides.
2. Providing a detailed explanation of the profit-sharing income at BMT Beringharjo KC Kauman Yogyakarta.
3. Evaluate and describe the extent to which the accounting treatment of profit-sharing income in *musyarakah* financing at BMT Beringharjo KC Kauman Yogyakarta is consistent with PSAK 106, which encompasses recognition, measurement, presentation, and disclosure in the financial statements.
4. The results of this research will be used to determine whether the entire application of accounting treatment on revenue sharing of *musyarakah* financing at BMT Beringharjo KC Kauman Yogyakarta has been in accordance with PSAK 106.

D. Results dan Discussions

The Implementation of *Musyarakah* Financing at BMT Beringharjo KC Kauman Yogyakarta

The sole profit-sharing financing product offered by BMT Beringharjo KC Kauman is *musyarakah* financing, which is designed to assist partners/members who are short on capital in the development of their businesses. Partners/members may operate trading, production, or agricultural enterprises. Therefore, in order to obtain additional capital, partners/members must apply for *musyarakah* financing to BMT in order to obtain a capital loan.

A maximum of 30 million rupiahs can be approved for the financing application at BMT Beringharjo KC Kauman. After a meeting at the branch office, the head office will be contacted if the amount exceeds 30 million rupiahs (customer service and bookkeeping interview, September 22, 2020). A branch manager stated that the capital provided by BMT to partners/members cannot be managed by others; rather, it must be managed by the partners/members themselves. For instance, if the BMT enables partners/members, it implies that the business is owned by the partner/member and not by another entity. According to the branch manager interview conducted on October 15, 2020, the business may be transferred to a child or parent if it is owned by another individual. In order to secure capital loans in the form of musyarakah financing, partners/members must initially adhere to the procedures established by BMT.

According to KC Kauman, a customer service and bookkeeper at BMT Beringharjo (customer service and bookkeeping interview, September 22, 2020), the following conditions must be met in order to become a partner or member of musyarakah financing:

1. Complete the Financing Application Form (FPP)
2. Please provide a photocopy of the family card and the husband and wife's ID card.
3. Include a photocopy of collateral, including the most recent Vehicle registration certificate, proof of ownership book, land certificate, and any other relevant documents.

The BMT Beringharjo KC Kauman will conduct a survey of the partner/member's place of business and residence if all of these requirements have been met. Partners/members may visit the office during the application process for this financing; however, it is occasionally the BMT Beringharjo KC Kauman who conducts prospecting meetings with partners/members. The BMT will submit the requirements if the partner/member agrees, and the partner/member must subsequently complete them.

In addition to the aforementioned requirements, a customer service and bookkeeper of BMT Beringharjo KC Kauman stated that there are numerous factors that serve as the benchmark for BMT Beringharjo KC Kauman when offering *musyarakah* financing (customer service and bookkeeping interview, September 22, 2020). These factors include character, capacity/finance, capital/capital, collateral/security, and conditions.

The BMT will convene a financing committee meeting to determine the approval of the partner/member's application to become a partner/member of *musyarakah* financing, following the completion of the aforementioned considerations. This decision will be made through a financing committee memorandum. The BMT will establish an account for the partner or member once it has been approved. The purpose of establishing an account is to enable the billing of partners and members and to ensure that all subsequent transactions are processed through the account. Therefore, the balance will be automatically deducted from the account when it is available.

Furthermore, an administration fee of 0.75% of the financing is imposed upon the approval of the financing application, followed by a management fee of Rp 5. If the partner/member is not yet a member, there is a fee of Rp 13,000 for new members. Additionally, there is a principal deposit of Rp 25,000, mandatory savings of Rp 10,000, first savings (*wadiah*), and notary fees that are contingent upon the amount of financing. (Interview with a customer service and bookkeeping professional, September 22, 2020)

The final stage prior to the realization of *musyarakah* financing is the formation of a *musyarakah* financing contract by partners/members. This contract can be either installment *musyarakah*, which is paid in monthly installments, or due *musyarakah*, which is paid when due. The contract contains the identity of the contracting parties, as well as a variety of articles that address the following: definition (article 1), *musyarakah* capital (article 2), installments/rate and profit sharing (article 3), term and payment method (article 4), costs (article 5), statements and guarantees (article 6), risk (article 7), asset status (article 8), sanctions for default (article 9), supervision and inspection (article 10), dispute resolution (article 11), and closing (article 12). See appendix 5 and 6 for the *musyarakah* agreement.

The process of obtaining musyarakah financing has been simplified by BMT Beringharjo KC Kauman, as the procedures are straightforward and the process is expedited. A customer service and branch manager also stated that BMT Beringharjo KC Kauman has granted partners/members the freedom to select the type of business, location, and operation.

Nevertheless, the business must have been in operation for a minimum of three months and must adhere to halal standards and comply with all relevant regulations. Consequently, a significant number of partners and members continue to employ musyarakah financing products and select BMT as a means of securing financial loans and advancing their businesses. (interview with the customer service and bookkeeping department, September 22, 2020; interview with the branch manager, October 15, 2020).

The Appraisal of the Nisbah or Profit Sharing of Musyarakah Financing at BMT Beringharjo KC Kauman Yogyakarta

When it comes to determining the profit-sharing ratio, BMT Beringharjo KC Kauman divides profits disproportionately with capital. Consequently, the ratio is determined by a combination of factors, including the amount of capital deposited by both parties, as well as experience, responsibility, competence, or a longer working time. When determining this ratio, both parties will engage in a discussion during the survey. Subsequently, the ratio will be revisited during the contract negotiations until both parties are in complete agreement. Therefore, in order to ascertain the profit sharing, the two parties must initially establish the ratio. The ratio and installments are determined in appendixes 5 and 6.

According to a customer service and bookkeeping representative, the profit-sharing method is the method used to calculate profit sharing. Consequently, it has been subtracted from the costs (customer service and bookkeeping interview, September 22, 2020). The branch manager also stated that the BMT will inquire about the net income of the partners/members in the last three months when the survey is returned. The BMT will then offer the last three months' net income in proportion. For instance, if the net income is one million, the BMT will initially offer 300 thousand rupiahs or 30 percent of the total. If both parties consent, negotiations will ensue; otherwise, they will proceed with an additional contract. However, if the partner or member is certain that there is no income,

such as during the current Covid-19 pandemic, the BMT is required to visit the member every three months and will not collect the profit sharing. This is provided that the business is legitimate and there is no income due to a disaster or external factors. Nevertheless, if the issue is due to internal factors, such as the partner/member having a loan elsewhere after the contract is finalized, it will undoubtedly be renegotiated (branch manager interview, October 15, 2020).

According to the branch manager, the profit share of each partner/member will vary based on the maximum amount allowed. The portion of the share will be smaller if the ceiling is larger, and vice versa. Therefore, it is contingent upon the ceiling, the time frame, and whether or not the member has financed. Of course, the profit sharing will be reduced for old partners/members (interview with branch manager, October 15, 2020). Both new and old partners/members will experience this. It is imperative to initially investigate and determine the root cause of the business's loss in the event that a partner or member experiences one.

The Analysis of the Compatibility of Musyarakah Financing Accounting Treatment with PSAK 106 at BMT Beringharjo, KC Kauman Yogyakarta

Characteristics

BMT Beringharjo KC Kauman and partners/members contribute funds to support a business that has been in operation for at least three months. Partners/members can repay the loan all at once through profit sharing or in installments every month or as due. The amount of funds shared by both parties will be determined during the contract and will remain fixed until the contract expires. Musyarakah financing is done in cash. If new members want to buy business equipment or goods, the BMT will purchase them. Based on this statement, BMT Beringharjo KC Kauman has implemented PSAK 106 paragraphs 5 and 6.

Before the application for *musyarakah* financing is processed and the funds are granted, the BMT will request a guarantee in order to anticipate when partners/members will be unable to meet their loan repayment obligations and to ensure that partners/members do not underestimate their obligations.

The guarantee can take the form of BPKB photocopies, the most recent STNK, land certificates, or other collateral. This guarantee can only be used if the partner/member is truly negligent in running the business, such as misusing funds, manipulating costs, or engaging in other activities that violate Sharia principles. This statement is in accordance with PSAK 106, paragraph 7.

BMT Beringharjo KC Kauman determines the portion of profit sharing from the management of *musyarakah* funds based on the ratio agreed upon at the start of the contract. If the partner/member suffers a loss, it is critical to identify and investigate the root cause of the loss in advance. BMT Beringharjo KC Kauman uses the profit-sharing method to distribute business results, which has been deducted from costs. If the partner/member does not receive income due to a disaster or other external factors, the BMT will not accept the profit sharing. However, if it is due to internal factors such as the partner/member's character or ability, the principal payment and profit sharing will be adjusted accordingly. This is in accordance with PSAK 106 paragraphs 9–11.

Appraisal and Quantification of Musyarakah financing

A customer service and bookkeeper said that the *musyarakah* fund capital provided by BMT Beringharjo KC Kauman to partners/members will be recognized as *musyarakah* financing. The funds are measured according to the amount of cash submitted by the BMT to partners/members. (customer service and bookkeeping interview, September 22, 2020).

For example, Mr. Zaenal applied for *musyarakah* financing to BMT to develop a laundry business on March 1, 2016 in the amount of Rp 20,000,000 for a period of 2 years. This is necessary to guarantee that the recording is made when *musyarakah* financing is transferred to partners or members, specifically:

Musyarakah financing that is handed over	<i>20.000.000 IDR</i>
Treasury	<i>20.000.000 IDR</i>

BMT Beringharjo KC Kauman's transactions are in accordance with PSAK 106 paragraphs 14 and 27, which state that musyarakah investments are recognized at the time of cash payment or delivery of non-cash assets to partners/members of Rp 20,000,000. This conclusion is derived from the aforementioned statement.

Regarding the return of capital/funds, KC Kauman, a customer service and bookkeeper at BMT Beringharjo, stated that the refund can be paid in monthly installments with profit sharing or at maturity. This is consistent with PSAK 106 paragraphs 20, 21, 23, 32, and 34, which stipulate that musyarakah refunds may be issued in monthly installments or upon their due date, in addition to profit sharing. In order to ascertain the profit of each party, the profit-sharing ratio that was established at the outset of the contract, as well as the principal installments, were taken into account.

According to PSAK 106 paragraph 33, receivables are recognized for musyarakah investments that have not been returned by partners/members upon the termination of a musyarakah contract. In practice, the musyarakah contract is recognized as musyarakah financing when it expires before or at maturity, as it has not been paid by partners or members. In this case, BMT Beringharjo KC Kauman is adhering to PSAK 106. However, it fails to address the musyarakah receivables at BMT Beringharjo KC Kauman, particularly in relation to musyarakah financing.

Presentation on *Musyarakah* Financing

In accordance with the recorded value, BMT Beringharjo KC Kauman has submitted financial statements that demonstrate *musyarakah* financing. It is stated in PSAK 106 paragraph 36 that when cash payments or the delivery of non-cash assets are presented in the journal as musyarakah investments. The BMT presents the recording by debiting musyarakah financing and crediting cash when the realization of musyarakah financing to partners/members occurs in practice. This is in compliance with PSAK 106, but it pertains to the mention of musyarakah investment at BMT Beringharjo KC Kauman, specifically musyarakah financing.

Musarakah Financing Disclosure

BMT Beringharjo KC Kauman has disclosed information regarding musarakah transactions in the main musarakah business agreement, including the portion of funds, profit sharing, and musarakah business activities. In accordance with PSAK 106 paragraph 37, the BMT discloses information regarding musarakah transactions to its partners and members.

E. Conclusion

The research conducted at BMT Beringharjo KC Kauman yields several noticeable conclusions. Initially, during the implementation of *musarakah* financing, it is necessary for partners/members follow to a sequence of procedures. This commences with the satisfaction of requirements, followed by evaluation and assessments conducted by BMT, and culminates in the establishment of the *musarakah* contract and the allocation of funds. The profit-sharing ratio is determined by an agreement reached during the survey. Furthermore, the utilization of PSAK 106 in the context of *musarakah* financing at BMT Beringharjo KC Kauman aligns with the distinctive features and accounting principles outlined in PSAK.

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