

ANALYSIS OF THE APPLICATION OF THE STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (PSAK) 106 CONCERNING MUSYARAKAH FINANCING AT BANK BRI SYARIAH BRANCH OFFICE BANDUNG CITARUM

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Abstrak

Penelitian ini bertujuan untuk mengetahui kesesuaian penerapan perlakuan akuntansi mengenai pengakuan, pengukuran, penyajian, dan pengungkapan laporan keuangan transaksi pembiayaan musyarakah dengan PSAK No. 106 di Kantor Cabang BRI Syariah Bandung Citarum tahun 2019. Penelitian ini merupakan studi lapangan dengan pendekatan kualitatif. Subjek penelitian berada di Kantor Cabang BRI Syariah Bandung Citarum. Hasil penelitian ini menunjukkan bahwa: (1) pengakuan akuntansi pembiayaan musyarakah tidak sepenuhnya oleh PSAK No. 106 karena pendapatan bagi hasil dihitung berdasarkan proyeksi dan kerugian akibat kecelakaan menjadi tanggung jawab nasabah, dengan diskon yang diberikan; (2) pengukuran akuntansi pembiayaan musyarakah dengan PSAK No. 106; (3) penyajian akuntansi pembiayaan musyarakah bukan oleh PSAK No. 106 karena kas yang diserahkan kepada nasabah disajikan dalam bentuk pembiayaan musyarakah; (4) pengungkapan pembukuan pembiayaan musyarakah bukan berdasarkan PSAK No. 106 karena Kantor Cabang BRI Syariah Citarum Bandung tidak membuat catatan atas laporan keuangan.

Kata Kunci: Pembiayaan Musyarakah, Pernyataan Standar Akuntansi Syariah (PSAK) No. 106

Abstract

This study aims to determine the suitability of applying accounting treatment regarding the recognition, measurement, presentation, and disclosure of financial statements of musyarakah financing transactions with PSAK No. 106 at BRI Syariah Branch Office Bandung Citarum in 2019. This research is a field study with a qualitative approach. The subject of research is at BRI Syariah Branch Office Bandung Citarum. In contrast, the object of research is the recognition, measurement, presentation, and disclosure of financial statements of musyarakah financing transactions in 2019. Data collection techniques in research using interviews and documentation. The results of this study show that : (1) the recognition of musyarakah financing accounting is not entirely by PSAK No. 106 because profit sharing income is calculated based on projections and losses due to accidents are the responsibility of customers, with discounts given; (2) accounting measurement of musyarakah financing by PSAK No. 106; (3) the presentation of musyarakah financing accounting is not by PSAK No. 106 because the cash handed over to customers is presented as musyarakah financing; (4) the disclosure of musyarakah financing accounting is not by PSAK No. 106 because BRI Syariah Branch Office Bandung Citarum does not make notes to the financial statements.

Keywords: Musyarakah Financing, Statement of Financial Accounting Standards (PSAK) No. 1

1. INTRODUCTION

Islamic financial economy has been created in the country for almost three decades. Development cannot be separated from the reason for the presence of Islamic financial institutions. In particular, in carrying out Islam the desire of Muslim groups to become *kaffah* by carrying out all transaction activities by sharia regulations in Indonesia (Yusuf, 2012)

Efforts to implement Islamic economics in Islamic standards are to build Islamic Financial Institutions that rely on Islamic standards. According to Banking Law Number 7 of 1992, Chapter I article 3, it is explained that the primary function of Indonesian banking is collecting and distributing public funds (Parmudi, 2005). In the economic history of Muslims, financing carried out with sharia-compliant contracts has been part of the tradition of Muslims since the time of the Prophet (A. Karim, 2004). This continues until entering the modern era. Human involvement in business, especially among Muslims, is not a new phenomenon. In the business world, Islam strongly recommends business practices that do not harm each other.

The economic system in Indonesia has adjusted sharia standards for quite a long time, practiced and regulated if reviewed again. The Indonesian people had known aspects of sharia finance even sometime before capitalists were known to the Indonesian people, to be more specific with profit sharing between tenant farmers and landowners. Based on Sharia Banking Law No. 21 of 2008, it is stated that banks consist of two types: conventional banks and Islamic banks. A conventional bank is a bank that carries out its business activities conventionally. At the same time, Islamic banks are based on sharia principles (Rizal, 2009). Starting from the acquisition of PT Bank Rakyat Indonesia (Persero), Tbk., against Bank Jasa Arta on December 19, 2007 and after obtaining permission from Bank Indonesia on October 16, 2008 through its letter O/10/67/KEP. GBI / DpG / 2008 PT BRI Syariah changed business activities that initially operated conventionally, then changed to banking activities based on Islamic sharia principles.

The existence of Bank BRI Syariah in Indonesia is beneficial for the community. The community needs additional funds to meet consumptive needs and working capital. So that in its development, Bank BRI Syariah presents a leading modern retail bank with financial services and provides excellent service (*service excellence*) according to customer needs with the most accessible range and a variety of products that meet customer expectations based on sharia principles. So sharia is used as a foothold in developing Islamic bank products for funding and financing.

One of the financing products offered by Bank BRI Syariah is financing with a *musyarakah* contract, which results from financing. In *musyarakah*, capital owners

collect assets to finance specific organizations and work together to supervise them (Rizal, 2009). The capital collected is utilized to achieve mutually agreed goals so that it cannot be allocated to individual interests or lent to other parties without information about accomplices. Reporting bookkeeping records in each *musyarakah* contract is essential to allocate working capital appropriately. In carrying it out, Islamic Financial Institutions must have normalization as a source of perspective for implementing *musyarakah* financing accounting. In this way, the government stipulates PSAK No. 106 as its reporting and rules. It starts with acknowledgment, measurement, presentation, and disclosure of transactions.

In the development of BRI Syariah, in addition to assigning qualified human resources in the sharia field, sharia-compliant accounting principles are also needed. Accounting norms have a significant commitment to the compiler and client of financial statements whose consequence is consistency or similar translation of the data contained in the substance of the budget summary.

PSAK No. 106 explains that the recognition and estimation of responsibility for implementing *musyarakah* activities is only a reason to decide on profit sharing, so the management in connection with *musyarakah* business must make separate books in deliberation. In introducing active partners, something that identifies *musyarakah* activities in the budget summary with money and non-cash, *musyarakah* resources, and differences in the assessment of *musyarakah* resources (SAK Syariah, 2012). Based on information on Bank BRI Syariah's financial statements, the sources of profit-sharing financing recorded over the last two years are as follow

Table 1

Total Musyarakah Financing Assets BRI Sharia Period 2018-2019

Based on Electability:

Pandriode	2018	2019
Fluent	6.965.670	10.808.125
Data Special Attention	70.671	197.433
Substandard	106.843	164.788
Bad	274.243	387.356
Everything in the	7.748.129	11.383.021

By Timeframe

Third Parties		
Pandriode	2018	2019

1 Year	2.183.932	1.983.490
1-3 Years	861.495	1.210.555
3-5 Years	2.073.769	2.921.773
5 Years	1.101.572	1.977.914
Related Parties		
Pandriode	2018	2019
1 Year	278.660	763.136
1-3 Years	895.076	535.497
3-5 Years	17.683	416.021
5 Years	335.942	1.574.635
Everything in the	7.748.129	11.383.021

Based on Economic Sector

Android	2018	2019
Third Parties	6.220.768	8.093.732
Related Parties	1.527.361	3.289.289
Everything in the	7.748.129	11.383.021

Source: <https://www.bankbsi.co.id/company-information/reports>

From the table above, it is stated that there is an expansion of *musyarakah* financing and it seems to exceed 33% of past financing, so further research is expected to see whether this financing is by the established PSAK. BRI Syariah Branch Office Bandung Citarum must be based on sharia standards and certify the financial accounting of its goods with PSAK. PSAK should be a perspective source in Islamic financial organizations' accounting activities. PSAK No. 106 also regulates the recognition, measurement, presentation, and disclosure of *musyarakah* contracts.

2. RESEARCH METHODS

This research is a descriptive qualitative approach with data methodology in the form of written and unwritten from researchers who are considered and examine data seriously where the data is collected and then described, written in sentences that are easy to understand.

The data collection technique that the author did consist of primary data and secondary data. The primary data the author collects is obtained by coming directly to Bank BRI Syariah Branch Office Bandung Citarum. The author collects data on how *musyarakah* financing activities, terms, procedures, and policies the provision of

musyarakah financing, as well as how to recognize, measure, present and disclose accounting of musyarakah financing, financial statement data related to *musyarakah* financing, as well as the company's history, organizational structure, and the development of musyarakah financing at Bank BRI Syariah. Meanwhile, the secondary the author collects is obtained from various print and electronic information media in books, newspapers, journals, the Internet, and others.

3. RESULT AND DISCUSSION

3.1 Sharia Bank

According to Law of the Republic of Indonesia Number 10 of 1998 dated November 10, 1988 concerning Banking, what is meant by a bank is "a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit and or other forms to improve the standard of living of many people" (Kasmir, 2011). More broadly that banks are companies engaged in finance, meaning that banking activities are always related to finance. So talking about banks is inseparable from financial problems.

An Islamic bank is a financial institution that functions as an intermediary for parties with excess funds with parties who need funds for business activities and other activities per Islamic law. In addition, Islamic banks are commonly called *Islamic Banking* or *Interest fee Banking*, which is a banking system in operational implementation that does not use the system of interest (*usury*), speculation (*maisir*), and uncertainty or uncertainty (*gharar*) (Ali, 2008).

Islamic banks, referred to as Islamic banks, operate by not charging interest. Sharia banking concerns Islamic banks and sharia business units, including basin, business activities, and ways and processes of business activities. According to Antonio and Perwataatmadja, quoted by Ismail in the book *Sharia Banking*, Islamic banks operate with Islamic sharia principles and banks whose operating procedures refer to the provisions of the Quran and Al-Hadith (Irwan, 2013).

Islamic banks are financial institutions with a primary mechanism, namely accepting deposits from capital owners (*depositors*) and having the obligation (*liability*) to offer financing to investors on the asset side, with patterns and financing schemes following Islamic law. On the liability side, there are two main categories, namely interest fee current and saving accounts and investment accounts based on the PLS (*Profit and Loss Sharing*) principle between the bank and the depositor, while on the asset side, which includes all forms of usury-free financing patterns and by sharia principles or standards, such as Mudharabah, Musyarakah, Istisna, Greetings, and others.

Islamic banks are juridically normative and empirically recognized in the Republic of Indonesia. Normative juridical recognition is recorded in laws and regulations in Indonesia, including Law No. 7 of 1992 concerning Banking, Law No. 10 concerning amendments to Law No. 7 of 1998 concerning banking, Law No. 3 of 2004 concerning amendments to Law No. 23 of 1999 concerning Bank Indonesia, Law No. 3 of 2006 concerning Amendments to Law No. 7 of 1989 concerning Religious Courts. In addition, empirical juridical recognition shows that Islamic banking is generally growing and developing throughout the Provincial and Regency Capitals in Indonesia; even some conventional banks and other financial institutions open sharia business units (sharia banks, sharia insurance, sharia pawnshops, and the like). The juridical recognition is intended to provide opportunities for growth and development in a wide range of Islamic banking business activities, including opportunities for commercial (conventional) banks to open branch offices that specialize in conducting business activities based on sharia principles.

3.2 Musyarakah Financing

The word *musyarakah* derives from the word *shirkah* which linguistically contains the meaning *al-ikhtilath*, which means blend or mix. *Musyarakah* or *Syirkah* is a cooperation agreement between two or more parties for a particular business where each party contributes funds with the agreement that profits and losses will be borne jointly by the agreement (Mardani, 2012).

Musyarakah has a narrower meaning than *shirkah*, often used in Islamic law. *Shirkah* means to share 'to share' (Ascarya, 2015). *Musyarakah* is a definition of cooperation between fund owners to consolidate capital and lead joint efforts in an organization, with the proportion of benefits provided according to the agreement with the arrangement. At the same time, losses are borne relatively as indicated by capital commitment (Naf'an, 2014). In *shirkah*, two or more partners donate to provide capital to run a business or make an investment in a business. The business partners' results in *shirkah* will be divided according to the ratio agreed upon by the parties to the union.

Profit-sharing financing in *musyarakah* is regulated in Law Number 10 of 1998 concerning amendments to Law Number 7 of 1992 concerning banking. The provisions of article 1 paragraph (3) explicitly state that *musyarakah* is one of the financing products in Islamic banking. *Musyarakah* is also regulated in the National Sharia Council Fatwa No. 08/DSN-MUI/IV/2000 dated April 31, 2000. The essence of the DSN fatwa states that the community's need to improve prosperity and business requires funds from other parties, including through financing. *Musyarakah* is

financing based on a cooperation agreement between two or more parties for a specified business where each party contributes funds provided that profits and risks will be borne jointly by the agreement (Abdul Ghofir Ansori, 2018)

3.3 PSAK No. 106 concerning Musyarakah

Musyarakah is participation between at least two parties to a particular business, where each meeting makes a reserve contribution considering the isolated benefits depend on concessions to benefits depending on the commitment segments of the asset. These assets incorporate money or non-cash resources allowed by Shariah.

Statement of Financial Accounting Standards (PSAK) No. 106, which is the basis for *musyarakah* accounting as follows:

Characteristics of Musyarakah Financing:

1. The partners (*syarik*) jointly provide funds to fund a particular business in *musyarakah*, both existing and new businesses. Furthermore, partners can return the funds and profit sharing agreed in stages or all at once to the entity (other partners).
2. *Musyarakah* investment can be provided in cash, cash equivalents, or non-cash assets, including intangible assets, such as licenses and patents.
3. Since each partner cannot guarantee the funds of the other partner, each partner may ask the other partner to provide a guarantee for negligence or willful misconduct. Some things that indicate intentional error are:
 - a. Violations of the contract include misuse of investment funds, manipulation of costs and operating income; or
 - b. The implementation is not by sharia principles.
4. If there is no agreement between the disputing parties, deliberate wrongdoing must be proven based on the decision of the competent institution.
5. *Musyarakah* business income is divided among partners proportionally according to the funds deposited (cash and other non-cash assets) or according to the partner's agreed-upon ratio. Meanwhile, losses are charged proportionally according to the funds deposited (both in the form of cash and other non-cash assets).
6. If one partner contributes or values more than the other partner in the *musyarakah* contract, then the partner can benefit himself more. The form of excess profit can be in the form of providing a more significant portion of profits than the portion of funds or other additional forms.

7. The portion of the profit-sharing amount for partners is determined based on the agreed ratio of operating income earned during the contract period, not the amount of investment disbursed.
8. *Musyarakah* managers administer business transactions related to *musyarakah* investments, which are managed in separate books.
- a. Recognition and measurement of *musyarakah* financing
Active Partners :
 1. *Musyarakah* investment is recognized when cash or non-cash assets are delivered for the *musyarakah* business.
 2. The measurement of *musyarakah* investment in the form of cash is valued at the amount submitted
 3. In the form of non-cash assets, it is valued at fair value. Suppose there is a difference between fair value and the book value of non-cash assets. In that case, the difference is recognized as the difference in the valuation of *musyarakah* assets in equity. The difference in the valuation of *musyarakah* assets is amortized during the *musyarakah* contract.
 4. *Musyarakah* non-cash assets assessed at fair value are depreciated with the amount of depreciation.
 5. If the valuation process at fair value results in a decrease in the asset's value, then this impairment is immediately recognized as a loss. Non-cash assets valued at fair value are depreciated based on the new fair value.
 6. Costs incurred due to *musyarakah* contracts cannot be recognized as part of *musyarakah* investment without approval from all *musyarakah* partners.
 7. Receiving *musyarakah* funds from passive partners is recognized as *musyarakah* investment and, on the other hand, as temporary *shirkah* funds.
 8. The active partner's share of *musyarakah* investment with the return of the passive partner's funds at the end of the contract.
 9. The active partner's share of *musyarakah* investment decreases to the amount of cash or fair value of non-cash assets handed over to the *musyarakah* business at the beginning of the contract plus the amount of temporary *shirkah* funds have been returned to passive partners, and minus losses if any.
 10. At the time the contract is terminated, *musyarakah* investments that have not been returned to passive partners are recognized as liabilities
 11. *Musyarakah* business income which is the right of active partners is recognized as much as their rights by the agreement on *musyarakah* business income. Meanwhile, operating income for passive partners is recognized as the passive partner's right to profit sharing and obligations.

12. *Musyarakah* investment losses are recognized according to the portion of each partner's funds and reduce the value of *musyarakah* assets.
13. If the loss is due to the negligence or fault of the active partner or business manager, then the active partner or *musyarakah* business manager bears the loss.
14. The recognition of *musyarakah* business income in practice can be known based on the profit-sharing report on the realization of business income from the accounting records of active partners or business managers carried out separately.

Passive Partners:

1. *Musyarakah* investment is recognized at the time of cash payment or delivery of non-cash assets to active partners.
 2. The measurement of *musyarakah* investment in cash is valued at the amount paid.
 3. The form of non-cash assets is valued at fair value. Suppose there is a difference between fair value and the carrying value of non-cash assets. In that case, the difference is recognized as deferred profit and amortized over the contract term or loss at the time of occurrence.
 4. Non-cash *musyarakah* investments measured by the fair value of assets surrendered will be reduced in value by depreciation expense on assets surrendered, minus amortization of deferred profits, if any.
 5. Costs incurred due to *musyarakah* contracts cannot be recognized as part of *musyarakah* investment unless there is approval from all partners.
 6. The passive partner's share of *musyarakah* investment with the return of passive partner funds at the end of the contract is valued at the amount of cash paid for *musyarakah* business at the beginning of the contract minus the loss or fair value of non-cash *musyarakah* assets at the time of delivery for *musyarakah* business after deducting depreciation and loss if any.
 7. The passive partner's share of *musyarakah* investment decreases to the amount of cash paid for *musyarakah* business at the beginning of the contract minus the amount of return from active partners and losses, if any.
 8. When the contract is terminated, *musyarakah* investments that active partners have not returned are recognized as receivables.
 9. *Musyarakah's* investment business income is recognized as equal to the share of passive partners according to the agreement. Meanwhile, *musyarakah* investment losses are recognized by the portion of funds.
- b. Presentation and disclosure of *musyarakah* financing

Active Partners :

1. Cash or non-cash assets set aside by active partners and received from passive partners are presented as *musyarakah investments*.
2. Musyarakah assets received from passive partners are presented as elements of temporary shirkah funds.
3. The difference in the valuation of *musyarakah* assets, if any, is presented as an equity element.

Passive Partner :

1. Cash or non-cash assets handed over to active partners are presented as musyarakah investments.
2. Deferred profits from the difference in valuation of non-cash assets submitted at fair value are presented as opposed to *musyarakah investments*.
3. Disclose matters related to musyarakah transactions, but not limited to the contents of the main agreement of musyarakah business such as a portion of funds, distribution of business results, musyarakah business activities, and others, business managers if there are no active partners and disclosures required by PSAK 101: Presentation of Sharia Financial Statements.

3.4 Procedure for Implementing Musyarakah Financing at BRI Syariah Branch Office Bandung Citarum

The application of musyarakah financing recognition at Bank BRI Syariah Branch Office Bandung Citarum is recognized at the time of cash payment or handover of non-cash assets to active partners. Bank BRI Syariah Branch Office Bandung Citarum recognizes musyarakah funds in the form of cash distributed as musyarakah financing at the time of disbursement of funds given to customers; Bank BRI Syariah Branch Office Bandung Citarum does not perceive the costs incurred by musyarakah as musyarakah financing. Costs incurred due to financings, such as regulatory fees, stamp duty fees, basic examination fees, official legal fees and protection fees, will all be charged to active partners; Bank BRI Syariah Branch Office Bandung Citarum views that financing that active Mira has not paid to passive partners is considered as receivables; Bank BRI Syariah Branch Office Bandung Citarum recognizes profit sharing when customers deposit. Margin payments are made monthly by attaching a report on the results of the customer's business. The calculation of the profit-sharing ratio uses the percentage specified in the initial agreement of the contract; Bank BRI Syariah Branch Office Bandung Citarum does not recognize losses originating from active partners. However, if a disaster causes the loss, the passive partner will provide a courting.

The application of musyarakah financing measurement identified with the estimated musyarakah financing at Bank BRI Syariah Branch Office Bandung Citarum states that the size of existing cash will be included or recorded in the budget report. Bank BRI Syariah Branch Office Bandung Citarum to measure musyarakah financing itself is seen from the amount of money that the bank does pay to active partners at the time of disbursement of funds, namely when the musyarakah financing contract has been approved.

Applying the musyarakah financing Bank BRI Syariah Branch Office Bandung Citarum presents the total musyarakah financing provided to active partners in the balance sheet by the recorded value, namely the amount of financing provided to active partners. In the balance sheet report of Bank BRI Syariah Branch Office Bandung Citarum, cash set aside by active partners is presented as musyarakah financing

The application of musyarakah financing disclosure Bank BRI Syariah Branch Office Bandung Citarum has not made notes to the financial statements that explain the contents of the main agreement of musyarakah business such as the portion of funds, distribution of business results, musyarakah business activities and business managers if there is no active partner in the musyarakah contract and the required disclosures by PSAK 101 concerning the Presentation of Sharia Financial Statements.

3.5 Compliance with the Application of Musyarakah Financing at BRI Syariah Branch Office Bandung Citarum

Description of the recognition of musyarakah financing accounting: Bank BRI Syariah Branch Office Bandung Citarum recognizes *musyarakah* investment when cash or non-cash is deposited to active partners from passive partners. Bank BRI Syariah Branch Office Bandung Citarum recognizes musyarakah funds as cash distributed as musyarakah financing when funds are disbursed to active partners. Disbursement of funds is carried out in two ways, namely once after the musyarakah financing agreement is agreed upon or gradually according to the completion of the project stages. Payment installments financing is made monthly with pay margin profit report Results Effort from active partners. While for principal is paid when maturity due.

PSAK No. 106 paragraph 27 explains that "investment *musyarakah* recognized at the time payment cash or delivery assets non-cash to partner on. "In practice, financing *musyarakah* Bank BRI Syariah Branch Office Bandung Citarum is recognized when paying cash to an active partner. This show that practice recognition investment in Bank BRI Syariah Branch Office Bandung Citarum is by PSAK No. 106; In terms of fee claim, Bank BRI Syariah Branch Office Bandung Citarum does not

perceive the costs incurred by *musyarakah* as *musyarakah financing*. Costs incurred due to financings, such as regulatory fees, stamp duty fees, basic examination fees, official legal fees, and protection fees, will all be charged to active partners. PSAK No. 106 explains that "cost that occurs as a result of contract *musyarakah* (e.g., cost study feasibility) can not recognized as part investment *musyarakah* unless there is agreement from all partners *musyarakah*" in this case, the recognition of the cost of Bank BRI Syariah Branch Office Bandung Citarum by PSAK No.106; Regarding recognition of receivables, Bank BRI Syariah Branch Office Bandung Citarum views financing not paid by active mira to passive partners as receivables. PSAK No. 106 explains, "investors *musyarakah* that have not been returned by Mitra active at when end recognized as piutang." In this case, the recognition of receivables is by PSAK No. 106; Recognition of profit sharing or profit of Bank BRI Syariah Branch Office Bandung Citarum recognize profit sharing when customer deposit.

Payment margin is made monthly with attached report results business from customer. The calculation ratio divides results using percentages determined in the agreement's initial contract. PSAK No. 106 paragraph 09 explains that "*musyarakah* business profits are divided among partners proportionally according to the funds deposited (both in the form of cash and non-cash assets) or according to the ratio agreed by the partners., while losses are charged proportionally according to the funds deposited (both in the form of cash and non-cash assets)", Paragraph 10, "If one partner contributes or values more than the other partner in the *musyarakah* contract, then the partner can get greater benefits for himself; The form of excess profit can be in the form of providing a larger portion of profits than the portion of funds or other additional forms of profit. " Paragraph 11, "The portion of the profit sharing amount for partners is determined based on the agreed ratio of operating results obtained during the contract period, not from the amount of investment disbursed," and paragraph 34, " *Musyarakah* investment business income is recognized as equal to the share of passive partners as agreed, while *Musyarakah* investment losses are recognized according to the portion of funds." The recognition of profits at Bank BRI Syariah Branch Office Bandung Citarum has not been fully by PSAK No. 106. The recognition of business income should be recognized from the customer's real business income, not using a percentage; Recognition of losses Bank BRI Syariah Branch Office Bandung Citarum does not recognize losses from active partners.

However, if loss caused there is a disaster, then pihak mitra pasif will giverting. PSAK 106 paragraphs 24-25 explains that "*musyarakah* investment losses are recognized by the portion of each partner's funds and reduce the value of *musyarakah* assets, and if the loss is due to the negligence or fault of the active partner or business

manager, then the loss is borne by the active partner or *musyarakah* business manager". Not all accounting recognition practices are by PSAK No. 106. The practice of accounting recognition consisting of investment recognition, loss recognition due to active partner negligence, receivables recognition, and expense recognition is by PSAK No. 106. However, the practice of accounting recognition of *musyarakah* financing regarding the recognition of losses caused by unintentional or disaster elements and the recognition of profits has not been by PSAK No. 106.

Description of the accounting measurement of *musyarakah* financing there is Bank BRI Syariah Branch Office Bandung Citarum, *musyarakah* financing is measured as the amount of money paid by Bank BRI Syariah Branch Office Bandung Citarum at the time of disbursement of funds. There is no measurement of non-cash assets because Bank BRI Syariah Branch Office Bandung Citarum does not serve financing in the form of non-cash asset investment. PSAK 106 paragraph 28 states, "Cash is valued at the amount paid, and the form of non-cash assets are valued at fair value and if there is a difference between fair value and carrying value of non-cash assets". The practice of measuring *musyarakah* financing accounting is by PSAK No. 106.

Applying the *musyarakah* financing Bank BRI Syariah Branch Office Bandung Citarum presents the total *musyarakah* financing provided to active partners in the balance sheet by the recorded value, namely the amount of financing provided to active partners. In the balance sheet report of Bank BRI Syariah Branch Office Bandung Citarum, cash set aside by active partners is presented as *musyarakah* financing. PSAK 106, paragraph 36 explains that "cash or non-cash assets handed over to active partners are presented as *musyarakah* investments". So, in this case, the presentation of *musyarakah* accounting of Bank BRI syariah Branch Office Bandung Citarum is not by PSAK 106.

Description of the disclosure of *musyarakah* financing accounting Bank BRI Syariah Branch Office Bandung Citarum has not made another on financial which explains the contents of the agreement Main Business *Musyarakah* Such as Portion Fund, Division Results Business, Activities Business *Musyarakah*, and Manager Business if no partner active in contract *musyarakah* and disclosure that required in accordance PSAK 101 about presentation Report Sharia Finance. So in this case, researchers cannot analyze the suitability of accounting disclosures for *musyarakah* financing Bank BRI Syariah Branch Office Bandung Citarum.

Table 2

**Results of the analysis of the application of musyarakah financing accounting
Bank BRI Syariah Branch Office Bandung Citarum**

PSAK NO. 106	BRI Syariah KC Bandung Citarum
<p>Confession:</p> <ol style="list-style-type: none"> Musyarakah investments are recognized upon payment of cash or non-cash assets to active partners (paragraph 27) Costs incurred due to musyarakah contracts (for example, feasibility study fees) cannot be recognized as part of musyarakah investment without approval from all musyarakah partners. (paragraph 30) When the contract is terminated, musyarakah investments that active partners have not returned are recognized as receivables. (paragraph 33) Musyarakah's investment business income is recognized as equal to the share of passive partners according to the agreement. Meanwhile, musyarakah investment losses are recognized by the portion of funds. (paragraph 34) 	<p>Accordingly, handing cash funds to active partners is recognized as musyarakah financing.</p> <p>Accordingly, the costs incurred due to the musyarakah contract are not part of the financing and are borne by the customer.</p> <p>Accordingly, funds that active partners have not returned are recognized as receivables by carrying out a term restructuring.</p> <p>Not yet appropriate, the revenue share received is calculated based on percentage projections to determine estimates. Unless intentional, if the customer fully bears losses, then a discount will be given for monthly margin payments, but the principal value is fixed and paid at the end of the contract.</p>
<p>Measurement:</p> <p>Measurement of musyarakah investment: In the form of cash is valued at the amount paid. (paragraph 28)</p>	<p>Accordingly, musyarakah financing is given in cash, measured by the money given.</p>
<p>Serving:</p> <p>Cash or non-cash assets handed over to active partners are presented as</p>	<p>Not yet appropriate, Cash handed over to customers (active partners) is presented as musyarakah financing</p>

musyarakah investments. (paragraph 36)	
Disclosure: The contents of the main agreement of musyarakah business, such as the portion of funds, distribution of business results, musyarakah business activities, and others (paragraph 37)	The bank has not made any notes to the financial statements.

5. CONCLUSION

The accounting treatment applied by BRI Syariah Branch Office Bandung Citarum regarding accounting recognition of *musyarakah* financing consisting of investment recognition, loss recognition for customer negligence, receivables recognition, and expense recognition is by PSAK No. 106. However, the practice of accounting recognition of *musyarakah* financing regarding recognizing profits and losses, not due to customer negligence, has not been by PSAK No. 106. The accounting treatment applied by BRI Syariah Branch Office Bandung Citarum regarding accounting measurements of *musyarakah* financing is by PSAK No. 106. The accounting treatment applied by BRI Syariah Branch Office Bandung Citarum regarding the presentation of accounting for *musyarakah* financing has not been by PSAK No. 106. Because the cash handed over to customers is presented as musyarakah financing, not *musyarakah* investment, the accounting treatment applied by BRI Syariah Branch Office Bandung Citarum regarding accounting disclosure of *musyarakah* financing cannot be analyzed because BRI Syariah Branch Office Bandung Citarum has not made notes to the financial statements.

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