CONCEPTUAL FRAMEWORK FOR PREPARATION OF SHARIA FINANCIAL STATEMENTS FOR MICRO SMALL AND MEDIUM ENTERPRISES

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Abstract

This paper is part of a research on the model of Islamic financial report preparation that will be useful for SMEs in reporting the performance of their business. Financed by Kemenristek Dikti in national institutional strategic research grant program. Describe the methods and concepts used to build the framework for the preparation of Islamic financial statements for SMEs. The method used in developing Sharia financial report model using modification of Islamic corporate report concept, shariah value added statement and format of financial report offered by Triyuwono is Report of Commitment of Tauhid, which means commitment of dhikr. The Financial Position Report (Balance Sheet) is called the The Report of Amanah Allah, while the Profit and Loss Report is called the Report of Rahmat Allah

Keyword: Islamic corporate report, shariah value added statement, the report of Amanah Allah, the report of rahmat Allah

INTRODUCTION

The largest group of businesses and the largest contributors to the Indonesian economy are small and medium enterprises. Based on Law No. 20/2008 on Micro, Small and Medium Enterprises (MSMEs), this business group is run by individuals and agencies. If the amount of assets is less than 50 million and the circulation of business maximum 300 million per year is called micro business, above there is a small business group with total assets above 50 million to 500 million and business circulation 300 million maximum 2.5 billion, while those classified in medium business group have assets more than 500 million to 1 billion and business circulation of more than 2.5 billion to 50 billion. This business group is known by the name of micro small and medium enterprises

In its development, this group has strong resilience in facing economic crisis. But in its management, in general, this SME is constrained on the aspects of management and finance, the quality of human resources who are not able to manage the business, especially the procedure of recording/ bookkeeping, product innovation, market information. Not to mention the legal aspects such as business licensing and legalization, related to capital and financial services. There should be serious attention from the government for the assistance of SMEs so that all that is needed can be facilitated, whether through institutional or policy rules.

In relation to financial management for small and medium enterprises, the government has now enacted the Financial Accounting Standards of Micro Small and Medium Enterprises (SAK EMKM) starting January 1, 2018. The financial statements for EMKM there are only 3 ie Statements of financial position at the end of the period, loss during the period and Notes to the financial statements. With the implementation of SAK EMKM, is expected to provide convenience for SMEs in terms of preparation of its financial statements. While the basic framework of the presentation of sharia financial statements endorsed by the Indonesian Institute of Accountants contains a statement that complete financial statements include financial statements of commercial and/ or social activities.
The financial statements of commercial activities include the balance sheet, income statement, statement of changes in financial position (which may be presented in various ways such as, for example, a cash flow statement, or statement of changes in equity), other records and reports and explanatory materials that are an integral part of the report finance. The financial statements of social activities include the source report and the use of zakat funds, and reports on the sources and use of the benevolent funds (KDPPLK IAI, 2007)

Sharia financial statements for SMEs should be formulated with simple to be easily understood, but still must meet the elements of reliability, realtime, and accountable. The current drafting model of sharia financial statements presented is still dominated by conventional accounting terms, so it does not reflect the concept and principles of sharia. Though the term account presented in the financial statements will be able to cause a variety of perceptions for users of the report or who presents the report. The format of the compilation of existing syariah financial statements still does not reflect the concept of sharia, as the use of the account itself is not actually recognized in the concept of sharia. A very simple example is the use of the term salary expenses presented in the income statement. In conventional accounting, salary expenses have an impact on the decline in profits. Whereas in the Islamic concept, paying salaries to workers is an obligation, and with the distribution of salaries to employees will bring great benefit to workers who receive.

THEORY DEVELOPMENT

SMEs as a strong business entity in facing various challenges economic crisis is always faced with the issue of unavailability of financial statements. In general, prior to the applicable SAK EMKM implementation of accounting in the SMEs sector recognize the form of simple financial statements, but no standard for is considered the most appropriate. Usually SMEs only report the recording of cash receipts and disbursements from operational activities only. If viewed from the guidelines SAK EMKM only requires balance sheet and income statement and notes to financial statement, hope will make it easier for SMEs entrepreneurs to prepare financial statements.

The purpose of Sharia financial statements is to provide useful information to a large number of users in economic decision making, including information on financial position, performance and changes in the financial position of a sharia entity. Other objectives are: (a) increasing compliance with sharia principles in all transactions and business activities; (b) Shari’ah compliance information on sharia principles, as well as information on assets, liabilities, income and expenses incompatible with sharia principles, if any, and how their acquisition and use; (c) information to help evaluate the fulfillment of sharia entity's responsibility for trust in securing funds, investing it at a reasonable level of profit; and (d) information on the rate of return on investment earned by investors and owners of temporary shirkah funds; and information on obligation fulfillment of Shariah entity's social function, including management and distribution of zakat, infaq, alms and waqf. (KDPPLK, 2007).

In the Islamic context, the main purpose of corporate reporting is to enable Islamic companies to demonstrate their compliance with sharia. The report presented helps decision makers in making economic decisions, but in an Islamic perspective this is a secondary goal. Sharia business should be able to disclose all the information users need about their operational activities. The concept of disclosure is closely linked to the concept of accountability. (Rama & Meliala, 2014).

Islamic accounting has made changes to conventional accounting theory, covering material and non-material aspects, namely mental and spiritual, and is a form of responsibility to humans as a report of performance and accountability to God as a form of obedience (Triyuwono, 2009). Various basic concepts of theory used to develop the form of sharia
accounting are pragmatic and idealist flow. Pragmatic flow still approves the basic concepts of conventional accounting theory, namely entity theory, with adjustments based on sharia principles, so that the sharia financial statements prepared are modifications of existing financial statements (Mulawarman, 2009; Syahatah 2001, Harahap 2001). Idealist flow uses theoretical basic concepts sharia accounting by prioritizing the balance of accountability to stakeholders (Baydoun dan Willett 1994; 2000) and disclosed Islamic Corporate Report and introduced sharia value added statement, sharia cash flow statement, and sharia balance sheet by Triyuwono (2012) referred to as shariate enterprise theory.

Shariah Value Added Statement (SVAS) is an income statement and which incorporates elements of social and environmental accountability (Mulawarman, 2009). Social and environmental activities are creatively accountable, lawful and thoyib-free accounts, this report is quantitative, while qualitative reports such as inner-spiritual transactions, these notes can not be included in quantitative reports. Shariah value added is a form of vertical and horizontal accountability in the fulfillment of obligations to God, the social environment and the individual, and as a form of accountability for the mandate given in the creation and spreading of grace to human and nature in the form of business accountability (Sari dkk, 2017). Sharia value added can be interpreted as economic, mental and spiritual added value, obtained and processed and distributed in a halal way (Triyuwono, 2007).

In terms of balance sheet presentation, Islamic Corporate Report uses current values balance sheet. Presentation of balance sheet with current values in accordance with Islamic concepts, especially the determination of various assets of companies subject to zakat, and the determination of the amount of nisab zakat. In Islam, asset management activities must be based on the principle of belief, every treasure spent on the path of Allah will be multiplied in return, either in the form of reward or monetary gain (Muhammad, 2000). One way to protect the value of wealth in Islam (Islamic Hedging) is to enter it in the way of Allah, including zakat and alms.

The concept of the report offered by Triyuwono (2012) is the preparation of sharia financial statements modified from the conventional financial statements. Accounts used also use different terms with conventional concepts but have the same meaning. Triyuwono drafted the financial statements to present the accounting statements of shariah as zikrullah information, using several logic from the disciplines beyond accounting ie Neuro-linguistic programming (NLP) and neuroscience (NS). The format of the financial statements offered by Triyuwono is the Tawheed Commitment Report, which means commitment of dhikr, The Financial Position Report (Balance Sheet) is called the The Report of Amanah Allah, while the Profit and Loss Report is called the Report of Rahmat Allah.

Report of Commitment of Tauhid is a remembrance sentence, as information that management makes dhikr as a corporate culture. The Report of Commitment of Tauhid contains a statement of faith commitment, morals, and sharia, commitment of worship, mashlahah commitment and return to God. The Report of Amanah Allah provides information on the management of the resources required in the form of assets (current assets and non-current assets) and from whom the source of the property is obtained (creditors, owners, investors and others). Report of Rahmat Allah contains information about the use of the resources received to create grace, and has been distributed to interested parties with business operational activities, by including the eight elements of the asnaf namely the obligation to distribute property to the recipient of zakat, and nature which is the concern for the environment.

**DISCUSSION**

Basically sharia accounting acknowledges a universal logical opinion in accordance with the nature of truth sourced Al Qur’an and As Sunnah, where the accountability of business processes and business result of economic activity in full fairness value fully to the prosperity of mankind.
It shows that sharia accounting is not capitalist-based and socialist. Islamic Accounting is the science of accounting or accountability of all assets and economic activities of an individual business or group or company sourced by the Qur'an and As Sunnah to achieve true wealth or prosperity or 'Falah' (Choudhury, 2005).

During the reign of Caliph Umar bin Khattab, accounting functions known as al-amel, mubashar, al-kateb, the person responsible for recording and reporting financial and non-financial information. Especially for Accountant known by the name Muhasabah or muhtasib (Nurhayati and Wasilah, 2009). Syahatah (2001) formulates the purpose of muhasabah (accounting) in Islam there are 6 (six) objectives, namely maintaining property (hifz al-amwal), the existence of al-kitabah when there is a dispute, can help in drawing conclusions, determine the results of the business to be deliberate, determine and calculate the rights of the union in business and to determine, reward, reply or sanction.

As has been described previously that the basic theoretical concepts of accounting in accordance with the values and objectives of shari’ah according to idealist flow is Shari’ate Enterprise Theory. According to this concept, stakeholders are entitled to receive the distribution of added value and classified into two groups: direct participants and indirect participants (Triyuwono, 2012). Direct stakeholders are parties directly related to the business of the company, which consists of: shareholders, management, employees, creditors, suppliers, government, etc. Indirect stakeholders are parties that are not directly related to the business of the company, consisting of: recipients of zakat, infaq and shadaqah), and the natural environment (eg for nature conservation).

Allah gives the trust of the right to the mastery of wealth to man, then human beings are required to be able to manage the trust of the wealth well, as well as evidence of faith and obedience to Allah. In Q5. Al-Hadiid verse 7 Allah declares, 'Believe in Allah and His Messenger and spend out of your substance which He hath made you lord over. Then those who believe among you and spend out of their substance a great reward.' Property is trust, essentially belongs to Allah. Man commands the effort and the result is given the responsibility to manage part of the property, obligated to expended the property according to the provisions of Allah.

In the context of Islamic economics, the purpose of human endeavor is to earn a living and gain a fortune, value for himself, social and environmental. The impact of seeking fortune is richness (maal) full of blessings. Assets in accounting are stated in the balance sheet as an asset. Assets are related to the interests of agents, employees; social action regarding the change of the asset itself, to the community, the government and the natural environment; as well as the criteria for sharia-based measurement and recognition (Mulawarman 2007).

In preparing the draft framework for sharia financial statements for SMEs, researchers collect various forms of Islamic financial statements and try to modify and explore. Mulawarman (2009) in the formulation of financial statements centered on tazkiyah, namely the process of correcting and purifying the soul through useful knowledge and good deeds, doing the ordered and leaving the forbidden, covering all aspects of moral, spiritual and material. Triyuwono offers the concept of preparing financial statements that are able to accommodate the purpose of sharia accounting to raise awareness divinity for users of financial statements, namely as a giver of information and accountability, to bring a sense of affection, peace and unity, and the awakening of consciousness of God as an integral inseparable.

In preparing the draft sharia financial statements for SMEs, researchers will use and modify the financial statement model. In developing the model of sharia financial report for SME using empirical analysis done through 3 forms used Mulawarman et al (2007). The first form of deepening problems relating to activities in the preparation of corporate financial statements. The second form to deepen the meaning of the language of zakat, usury, tazkiyah,
lawful, haram and accountability. The third form performs a Halal certification process by LPPOM MUI, both directly and indirectly.

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The third stage is the process of laying philosophical framework (integrated Hiperstruktural Islam), by way of engineering by adding aspects of technology in the framework of sharia, morals and spiritual value. Furthermore, using tazkiyah process in a structured, systemic in tauhid frame, by formulating a form of financial statements by type of SMEs. The final stage is the existence of integrated Islamic hyperstructuralism, through technological implementation of the basic concepts of theory in order that financial statements can be applied, and subsequently, providing information that meets accountability for direct stakeholders, especially SME owners / entrepreneurs (if possible for creditors, suppliers, employees and government) and subsequently indirect stakeholders ie the community mustahiq especially, the environment and nature (to achieve the purpose of the benefit)

All the stages described to compile the concept of sharia financial statements are still possible to be developed. Researchers are still exploring the information that can be used to develop a model of sharia financial statements that are useful for SMEs. Sharia financial reporting applications not only focus on applications that are free of usury or gambling (speculation), this is the minimum application of sharia financial economics practice, may be called the level is in the application of halal economy (Muhammad, 2000). But more than that, it is expected to provide benefits for the community, especially SMEs. With the main Values of Islam, namely the Faith to Allah (Tawhid), man as the servant of Allah ('abd Allah) and man as the representative of Allah on earth (Khalifatullahfil ardh). Shari'ah's aims are justice, holistic welfare and benefit for all people (Mulawarman, 2007).

CONCLUSION

The drafting concept of sharia financial statements that have been described will be an alternative for the preparation of Islamic financial statements for SMEs that will be developed by researchers. So that later model of Islamic financial statements prepared will be implemented for SMEs as an alternative to present financial information, performance reports and accountability for the mandate dititipkan to Muslim entrepreneurs, so it becomes a blessing for all natural. By using Islamic financial statements as those conducting business activities as a form of compliance with Islamic financial principles and Islamic moral values.

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