SYARIAH ACCOUNTING STANDARDS

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Outline

- Development of Syariah Accounting Standards
- Syariah Principles
- Example of Syariah Transactions
Development of Syariah Accounting Standards
Three Pillars of Accounting Standards in Indonesia

- Financial Accounting Standards;
  - Since 1972 with USA influence
  - Harmonize to IAS/IRFS since 1994
  - Fully adopt IFRS as available at January 2009 since January 2012

- Syariah Accounting Standards since 2002;
  - Internally developed
  - Refer to the AAOIFI’s Standards to certain extent
  - Liaise heavily to Syariah Rules issued by the National Syariah Council (DSN)
Three Pillars of Accounting Standards (continued)

- Accounting Standards for Non Public Entities;
  - Developed in 2008 and effective since 2009
  - Refer to the IASB’s Standards
Reasons for not Adopting AAOIFI Standards in the way We Adopt IFRS

- AAOIFI’s standards deal with financial institutions only, and not deal with parties transacting with the institutions
- AAOIFI’s standards are too broad and less detail, since dealing with auditing as well as accounting
- There might be differences in the Islamic rules applied on certain transactions as the result of local deliberation (ijtihad)
<table>
<thead>
<tr>
<th>LANDASAN OPERASIONAL</th>
<th>LANDASAN KONSEPTUAL</th>
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<tbody>
<tr>
<td><strong>CONCEPTUAL FOUNDATION</strong></td>
<td>Conceptual Framework of Syariah Financial Reporting (KDPPLK Syariah)</td>
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<tr>
<td><strong>LANDASAN OPERASIONAL</strong></td>
<td><strong>LANDASAN KONSEPTUAL</strong></td>
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<tr>
<td><strong>Level 1</strong></td>
<td><strong>Level 3</strong></td>
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<tr>
<td>Syariah Accounting standards</td>
<td>Praktik, Konvensi dan Kebiasaan Pelaporan</td>
</tr>
<tr>
<td>Conventional Standards which are in line with Syariah</td>
<td>Buku Teks, Simpulan Riset, Artikel dan Pendapat Ahli</td>
</tr>
<tr>
<td><strong>Tingkat 2</strong></td>
<td><strong>Tingkat 2</strong></td>
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<tr>
<td>SAK Internasional atau negara lain</td>
<td>Peraturan Pemerintah untuk Industri (Regulasi)</td>
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<td>Buletin Teknis</td>
<td>Pedoman/Praktik Akuntansi</td>
</tr>
<tr>
<td><strong>CONCEPTUAL FOUNDATION</strong></td>
<td>Rules (Fatwa) Syariah</td>
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<td><strong>CONCEPTUAL FOUNDATION</strong></td>
<td>As Sunah</td>
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<td><strong>CONCEPTUAL FOUNDATION</strong></td>
<td>Al Qur’an</td>
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SYARIAH PRINCIPLES
Principles (Azas) of Syariah Transactions

- Principle of brotherhood (ukhuwah)
- Principle of fairness (‘adalah)
- Principle of betternes (maslahah)
- Principle of balance (tawazun)
- Principle of universalism (syumuliyah)
Characteristic:

- Transaction is only conducted between knowledgeable and willing (ridha) parties
- People are free to enter into transaction as long as the object is halal dan good
- Money is a means of transaction and measurement unit, and not object of transactions
- No riba
- No dzalim (unfairness)
- No gamble (maysir)
- No un–clarity (gharar)
- Not containing unlawful (haram) articles
Characteristic: (concluded)

- Do not recognized time value for money, or There should be no gain without accompanying risk
- Based on clear contracts for the benefit of all parties
  - No more than one price in one contract
  - No more than one transaction in one contract (ta’alluq)
Challenges in Establishing Syariah Rules

- There are several Schools of Thoughts in Syariah. They sometime come to different conclusion. E.g. Murabahah tawaruq is lawful or permitted in UAE and Malaysia, but prohibited in Indonesia. Bai innah (repurchase agreement) is permitted in Malaysia, but prohibited anywhere else.

- Fiqih ahkam tends to apply ‘form over substance’ principle, whilst fiqih maqashid applies ‘substance over form’ principle.
Types of syariah akad (contracts)

- Trading
  - Murabahah
  - Istishna’
  - Salam

- Rent/Lease
  - Ijarah
  - Ijarah muntahiyah bittamlik

- Partnership
  - Mudharabah
  - Musyarakah

- Fee based
  - Wakalah
  - Kafalah
  - Lain-lain

overview akuntansi syariah 3/5/13
EXAMPLE OF SYARIAH TRANSACTIONS
**Mudharabah - Profit Sharing**

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Sales</td>
<td>Rp.10.000,-</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>Rp.6.500,-</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>Rp.3.500,-</td>
</tr>
<tr>
<td>Expenses</td>
<td>Rp.2.000,-</td>
</tr>
<tr>
<td>Profit</td>
<td>Rp.1.500,-</td>
</tr>
</tbody>
</table>

**Profit sharing can be applied from**
- Gross profit: e.g. Bank 80% and Mudharib 20% from gross profit
- Net: e.g. Bank 50% and Mudharib 50% from net profit

Bank: Rp.2.800,-  
Mudharib: Rp.700,-

Bank: Rp.750,-  
Mudharib: Rp.750,-
Mudharabah – musyarakah

- Mudharabah with mudharib (management) also invests his/her assets in the joint venture.

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<tbody>
<tr>
<td>Profit</td>
<td>Rp2.000</td>
</tr>
<tr>
<td>Management fees for mudharib, say 60%</td>
<td>(Rp1.200)</td>
</tr>
<tr>
<td>Profit available for musyarakah (investors)</td>
<td>Rp800</td>
</tr>
<tr>
<td>Management which is also shahibul mal; say 25%</td>
<td>(Rp200)</td>
</tr>
<tr>
<td>Shahibul mal (investor); 75%</td>
<td>Rp600</td>
</tr>
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WASSALAM