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## ACCOUNTING FOR DEVELOPMENTAL TRANSACTIONS

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### *Abstract*

*With this piece, I want to give a little insight into how the Islamic economic system operates on the accounting of musyarakah transactions. This essay employs a qualitative approach to research. This information comes from books and some of the results of research on the internet that explain the accounting of musyarakah transactions. This article relies on qualitative information. In this piece, we use a narrative approach to analyzing the data. The accounting of musyarakah transactions is the process of financial transactions used by the general public. The accounting itself has the sense of an art of filing, grouping, compiling of a financial report. Transactions are a system that people use when it comes to buying and selling. Musyarakah is a common form of business done by two people and the result is equally divided.*

**Keywords:** Islamic economics on accounting of musyarakah transactions

## INTRODUCTION

Musyarakah or in other terms, namely sharia or syirkah. Syarikah according to language means mixed, whereas according to syara' it is the establishment of rights shared by two or more people in a syuyu' manner, that is, not certain in its parts. In other languages it is also defined as partnership, but by Islamic financial institutions the term musyarakah is defined as participation financing. Musyarakah means in Indonesian, namely partnership, alliance or partnership.

The fuquha interpret musyarakah as an agreement between people who associate or work together in terms of capital and profits. In banking, technically musyarakah is a form of cooperation between the capital owner or bank and the trader or capital manager. Where both parties have a contribution in terms of capital with a profit that is shared according to the agreement of both parties. And if a loss occurs, this will be borne by the party concerned. Therefore, musyarakah in Islamic banking is understood as a system of agreements that can unite capital and labor in producing goods and services which are useful for society..

## METHOD

The method used in writing this article is a qualitative approach. The qualitative approach itself is an approach that involves in-depth analysis of the available data to draw conclusions about the study problem being analyzed.

The data source is a display of written word order which is then analyzed in detail and has the potential to be able to record the meaning of the writing itself. The wording can come from a document or from the contents of a book. Other sources used in this article come from several research results on internet sites that are linked to sharia economic analysis in connection with the accounting principles of mursyarakah transactions.

The type of data collected in this research article is accurate information, this information was obtained from data sources or books used as research material. In this research article, qualitative data is used. According to several research experts, it is a collection of data from several specific study sites with the aim of identifying what happens if the researcher acts as an instrument, as well as carrying out significant data analysis and drawing more specific conclusions.

The data collection method in this article refers to a methodical approach in terms of

collecting the information needed for this research article. The method used in collecting data to create this article relies on several Islamic economics books which explain various financial principles in Islam. This is a research source used in this article, relying on literary studies with narratives developed from available data relating to musyarakah transaction accounting.

Data analysis in this research article uses literary studies or library research with several books that focus on problems presented in the form of narratives developed through investigation and analysis of existing data. Narrative analysis was chosen as the data collection method for this research.

## RESULTS

### 1. Characteristics of Musyarakah Contracts

Musyarakah is a form of cooperation in business, whether in the services or trade sector, carried out by two or more parties. In musyarakah, all parties involved must contribute funds or capital with an agreement that the profits and risks will be shared together. The capital provided is not only in the form of money, but can also be in the form of goods. When running a business, all parties or partners are involved in the management of the business being run.

In a musyarakah contract there is an agreement and qobul, where an agreement is stated in making contact between the parties concerned. The agreed contractual objectives must be explicit or firm and straightforward for the parties entering into the acceptance agreement and the offer agreement. The agreement is stated in writing through correspondence or using common methods such as those found in a business community. The important objects in musyarakah have 3 elements. First, there is the capital element. The party entering into a musyarakah contract is not permitted to borrow or lend, donate or gift musyarakah capital or capital that has been agreed upon to another party. Unless it has been negotiated and agreed upon by the other party.

Second, there is the work element. Basically, participation of partners in a job is the basis for implementing a musyarakah contract. One partner may do more work than the other, in which case the partner may claim additional profits. Parties who carry out work actively when managing musyarakah are called active partners. Meanwhile, parties who do not participate in managing musyarakah are called passive partners. In a sharia economic banking practice, the passive partner is the sharia bank.

Third, there are elements of profit and loss. In musyarakah cooperation, it is recommended to calculate clearly and share equally the profits obtained, in order to avoid differences or the emergence of disputes when dividing profits or when musyarakah is terminated. Every profit must be shared proportionally, especially to partners. If the profit exceeds the specified amount, then partners who are actively doing the work may propose additional profits. Aspects involved in profit sharing, such as profit sharing, percentage of profit sharing, and the period for determining profit sharing must be clearly stated in a contract or musyarakah agreement.

### 2. Determination of Ratio

When determining the profit sharing in musyarakah, there must be a percentage of profit sharing which has been determined in the initial musyarakah contract. In determining the musyarakah ratio, it can be determined in 2 ways. Firstly, by dividing profits proportionally according to the agreed capital. This method requires dividing equally between the partners concerned in proportion to the capital paid up. In other words, profits must be divided according to the share of each partner's capital. If one of the parties collaborating invests more capital, then he is entitled to a larger share.

Second, by dividing profits not proportional to capital. This method uses a payment ratio that is not based on paid-in capital, but this method also uses a sense of responsibility, work experience, capacity and also the time spent working. Ibn Qudamah once said, the choice of a benefit can be based on work, because one of those working together may be more skilled

at work, he may be stronger than the others in doing the work. So he can demand more results when dividing profits.

In the Hanafi school and Hambali school, it is explained that it is not only the result of capital, but also the result of the interaction between performance and capital. If the partner is more experienced and more skilled at the job then he has the right to ask for more profits as compensation and as a contribution to the work done. Ali Bin Abi Talib ra said that, "Meanwhile profits must be in line with what they determine, losses must be proportional to their capital." Basically, the ratio determined in sharing these results for each partner is 50:50 or 70:30. After the partners agree on cooperation with a certain meaning, this basis is used in sharing profits.

### 3. Accounting for Active or Passive Partners

#### a. Active Partner Accounting

At the time of a musyarakah transaction, both parties concerned have agreed, a journal entry is recorded as a commitment to cooperation. So the accounting recording journal used by the active partner.

Capital financing commitment rights	Rp XXX	
Cons of financing commitments		Rp XXX

When an active partner receives a payment from capital financing, the journal is written.

Passive partner account	Rp XXX	
Musharaka capital financing		Rp XXX

Capital financing is included in temporary syirkah funds.

With the payment of capital for musyarakah cooperation, the initial journal will change.

Cons of financing commitments	Rp XXX	
Financing commitment rights		Rp XXX

#### b. Passive partner accounting

When musyarakah has been agreed by both parties for cooperation, a journal entry is recorded as a commitment to cooperation. So the Islamic bank took note

Cons of financing commitments	Rp XXX	
Financing commitment obligations		Rp XXX

And if a sharia bank makes payments for capital financing in musyarakah cooperation, then the journal will be written.

Musharaka capital financing	Rp XXX	
Active partner account		Rp XXX

With payment from the Islamic bank for the capital agreed upon in the musyarakah collaboration, the initial journal entry will change.

Financing commitment obligations	Rp XXX	
Cons of financing commitments		Rp XXX

### 4. Accounting for Fund Managers

In musyarakah transaction accounting, if both parties agree to this collaboration, then the funds coming in from the passive partner to the active partner will be managed properly. When a sharia bank gives money to a partner or syirkah, the accounting journal will be

Musyarakah capital financing debit	Rp XXX	
Credit from cash or partner account		Rp XXX

When the bank hands over a non-cash asset or not in the form of money to a partner, there will be 3 calculations. First, if a given asset has a value that is more than its book value, then journalize it.

Musyarakah capital financing debit	Rp XXX	
Debit the loss of a given asset	Rp XXX	
Credit from non-cash assets		Rp XXX

Second, if a given asset has a value higher than the book value, then journalize it.

Musyarakah capital financing debit	Rp XXX	
Credit from non-cash assets		Rp XXX
Credit from profits on assets provided		Rp XXX

Third, if a given asset has a value equal to the book value, then journalize it.

Advance payment debit in capital financing	Rp XXX	
Credit from cash or clearing		Rp XXX

In carrying out a musyarakah, there must be calculations used in carrying out a musyarakah cooperation. In musyarakah transaction accounting, expenses and income costs that occur as a result of the running of a musyarakah collaboration are grouped into 4 calculations. Firstly, if the agreement is recognized with costs incurred for operating the musyarakah, then the journal entry.

Debit costs from musyarakah contracts	Rp XXX	
Credit from advances in capital financing		Rp XXX

Second, if the agreement is recognized as financing in the operation of the musyarakah, then the journal entry.

Musyarakah capital financing debit	Rp XXX	
Credit from advances in capital financing		Rp XXX

Third, if an income or profit is received from the operation of the Musyarakah, then make a journal entry.

Cash debit or partner's account	Rp XXX	
Credit from income or profits		Rp XXX

Fourth, if a loss occurs in the operation of the musyarakah, then make a journal entry

Musyarakah loss debit	Rp XXX	
Credit from musyarakah capital financing		Rp XXX

When a musyarakah contract ends, the parties concerned must share the results they have obtained. If there is a decrease or repayment of musyarakah capital by transferring it to another musyarakah partner, then make a journal entry.

Cash debit or partner's account	Rp XXX	
Credit from musyarakah capital financing		Rp XXX

If a loss occurs in a musyarakah contract, where this loss is higher than the partner's

initial capital due to negligence or irregularities on the part of the partner carrying out the musyarakah, then the journal entry.

Debit the partner's receivables with maturity	Rp XXX	
Credit from musyarakah capital financing		Rp XXX

If there is a return of musharaka capital in non-cash form with a value that is lower than its initial value or historical value, then the journal entry.

Debit asset no cash	Rp XXX	
Debit for capital financing settlement losses	Rp XXX	
Credit from Musharaka capital financing		Rp XXX

If there is a return of musyarakah capital in non-cash form with a value that is higher than its initial value or historical value, then make a journal entry.

Debit non-cash assets	Rp XXX	
Credit from profits from completion of capital financing		Rp XXX
Credit from musyarakah capital financing		Rp XXX

## CONCLUSIONS AND RECOMMENDATIONS

The musyarakah or sharia contract has 5 conditions. Firstly, the contract uses currency such as dirhams, dinars and banknotes, but it is not valid if it uses gold nuggets, gold jewelry and melted gold. secondly, in a musyarakah contract the two objects match in terms of type and kind, in other words they must be similar, dirham to dirham, dinar to dinar, paper money to paper money. Thirdly, the two owners mixed up their two assets, which made it impossible to distinguish one from the other. Fourth, a musyarakah contract is carried out if both parties do it together, meaning that they must obtain permission from the party concerned. Fifth, in a deliberative transaction, the profits and losses are divided equally or evenly.

Sharia is a contract that is jaiz or non-binding in nature between the two parties working together. So the musyarakah contract must have its own elements from both parties, in other words, both parties have the right to terminate or dissolve the musyarakah contract at any time. Both are apart from the right to transact musyarakah with the existence of fasakh. If one of the parties dies, goes crazy or has epilepsy then the musyarakah contract is void.

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