

# DESCRIPTION OF THE IMPLEMENTATION OF PSAK 45 AND ISAK 35 IN MOSQUE FINANCIAL REPORTING ACCOUNTING

*by Haliah, Nirwana, A. Achmad Danial*

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## DESCRIPTION OF THE IMPLEMENTATION OF PSAK 45 AND ISAK 35 IN MOSQUE FINANCIAL REPORTING ACCOUNTING

**Prof. Dr. Haliah, SE, Ak., M.Sc., CA**

Faculty of Economy and Business Hasanuddin University, Indonesia

**Dr. Nirwana, SE, Ak., M.Sc., CA**

Faculty of Economy and Business Hasanuddin University, Indonesia

**A. Achmad Danial Latief Buleng**

Postgraduate Student of Accounting Master Program in Hasanuddin University, Indonesia

[danillatief@gmail.com](mailto:danillatief@gmail.com)

**Abstract :** Mosques are non-profit organizations in the religious sector. Mosque institutions must and have the right to make responsible financial reports and reports of mosque institutional financial reports. This study provides an overview of the application of PSAK 45 and ISAK 35 in mosque financial reporting. The results of the application of IAS 45 and Interpretation of SFAS 35 second reporting standards have almost no difference, especially in the financial statements only in ISAK 35 m emperhatikan persyaratan minimum content of financial statements in IAS 1 then dapat menyesuaikan description of some parts, dapat menyesuaikan a n a description of the report finance: report title, considering the relevant facts so as not to reduce the quality of the information presented and the addition of LRA financial reports is possible as long as it is explained in the accounting policy there are regulatory references, in this case assumptions and what is managed by the mosque is much more complex in its sources and uses. Based on the descriptions regarding the reporting standards of PSAK 45 and ISAK 35, the two reporting standards can be used in the preparation of mosque financial reports, although many mosques still use simple reports.

**Keywords:** PSAK 45, ISAK 35, Financial Reporting, Non-Profit Organization, Mosque

### INTRODUCTION

In accounting, there are two types, namely private or private accounting and public sector accounting. Private sector accounting is used in companies or organizations that are for profit. Public sector accounting is that which is used in public sector organizations or organizations that are owned by the community and used by the community and have a higher complexity and have a wider area than private or private organizations. The extent of the area is due to the wide types and forms of organizations in it and because of the complex environment that affects these public institutions which refer to government or state organizations (Halim 2008, 251 and Mardiasmo 2009). Bastian (2006) and Untoro (2010) refer to public sector organizations that use public funds, such as: Central Government Organizations, Regional Government Organizations, Political Party Organizations and Non-Government Organizations, Foundation Organizations, Education and Health Organizations (puskesmas, hospitals, and schools), Organization of Places of Worship (mosques, churches, monasteries, temples) (Azwari 2018).

In line with the development of society, there are also organizations called non-profit organizations, which are organizations that are not profit-oriented in their operations. In general, this type of organization emphasizes the best possible service to external parties, for example service

organizations, health, social and religious services (A. Bachrum, 2005). Non-profit organizations obtain their own capital or fund capital by increasing the surplus obtained, accepting donations or favors and donations from individuals or community groups. Basically, accounting science and accounting practice in the business environment have become an integral part. However, accounting science and its practice outside of business entities, especially religious institutions, are highly integrated. As an accounting reporting entity that uses public funds as a source of finance in the form of donations, alms or other forms of assistance from the public (public) (Angelia, 2014).

A place of worship is also a public sector organization, because it owns the community and is used by the community. A mosque which is a place of worship cannot be separated from its high complexity because it is not only a place for prayer rituals but also as a *center of activity*, namely as a place for an organization to have a very strategic role in improving the welfare of the community, even as strategic as other types of public organizations. This activity center covers various fields, such as education, economy, social, culture and law. A place of worship as an organization and has goals to be achieved through organizational tools, such as in terms of financial management, mosques also have high complexity and that is called accounting.

Organization is often defined as an entity and in accounting, entities and accounting are inseparable. Because in the basic concept of accounting there are assumptions about accounting entities. This concept explains that all financial transactions that are accounted for are those related to the entity (entity or organization) being reported (Halim 2013). The argument explains that accounting will be more useful for religious entities if a mosque as a place of worship is not only a prayer ritual but also a religious organization or entity that is attached to the concept of entity and accounting.

The involvement of religious aspects raises questions about the suitability of accounting with religious teachings and regulations. One of the causes of the lack of awareness of the importance of accounting in the financial management of places of worship is the assumption that accounting is a product of human knowledge that is not in the scope of religious teachings. The important role of accounting can be seen if a place of worship is positioned as an entity over an organizational unit. If a place of worship is an organization, then the organization of places of worship is included in the category of organization. The organization of worship is not motivated to seek profit and aims to serve the worship rituals of the people, then the worship organization is included in the category. non-profit organization. Most non - profit organizations use several single parameters as a measure of their success, such as the number and donations received, the growth in the number of members in the number of visitors, the number of people served, and the overhead costs that can be minimized (Bastian, 2007). Organizations for places of worship are also called religious organizations (Bastian: 2007). Religious organizations refer to organizations in a place of worship such as mosques, prayer rooms, churches, chapels, coolies, temples, temples and temples. Religious organizations are run by an

institution or organization that arises with the awareness of the running of a certain religious vision and mission (Bastian, 2007: 216) (Azwari 2018).

In general, the mosque consists of Muadzin, Khotib, Imam and Jamaah. And in the mosque there are several people whose work is identical to managing all matters related to the mosque called takmir mosque. There are many obstacles faced by mosques in general, namely that many of them become takmirs who are old and lacking in managerial capacity because they work with a high level of sincerity and this is a challenge for the sustainability of the mosque in the future. Very important issues arise regarding public funds or grants and financial reporting according to accounting standards.

Mosques as a non-profit organization must and have the right to report to interested party users. This is a natural life and the development of the mosque's organization comes from donations, alms, or other forms of social assistance. Organizations must open themselves to the general public to obtain true, honest and non-discriminatory information, at least with members of these religious organizations. Information can be accessed by anyone who uses certain mechanisms, so that it is not misused by those with bad intentions towards the organization. This consequence is an obligation that must be fulfilled because the responsibility of the mosque organization will greatly affect the level of public trust in the mosque organization itself (Rahayu et al. 2017 in Azwari 2018).

The financial management of mosques is important to study because mosques are the center of activity for Muslims around the world, including Indonesia. The Indonesian Institute of Accountants (IAI) is an institution that is authorized to issue accounting standards. The establishment of accounting standards for the management of mosques which are public and non-profit sector entities, namely PSAK 45 and ISAK 35. The change in the translation term of the word "Not-for-Profit" previously in PSAK 45 was translated as "Non-profit" but was later changed by DSAK IAI in ISAK 35 to Non-profit on the basis that in fact its main activity is not profit-oriented but does not mean it does not generate profit). PSAK 45 regulates the financial reporting of non-profit organizations and mosques, including those of non-profit organizations, because in carrying out their activities they do not get profit. The criteria for non-profit organizations are almost the same as the criteria in mosques, namely the first, the resources come from donors and do not expect repayment, the second produces goods and services without the aim of making a profit and the third does not have ownership like other business organizations. The financial accounting standard for non-profit authorities is ISAK No. 35 which was approved by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) on September 28, 2018, which explains that the presentation of the entity's financial statements is non-profit oriented. In non-profit organizations, there tends to be no absolute organizational ownership, because usually this non-profit organization is founded by several people or groups. The capital to establish this non-profit organization can also be obtained through debt. As for operational needs, it can be obtained from the income or services provided. However, this resulted in

measuring the amount and certainty of cash inflows becoming an important measure for users of the foundation's financial statements. The main purpose of financial reports is to provide relevant information to meet the interests of donors, members of the organization, creditors, and other parties who provide resources to non-profit organizations. If an entity with non-profit activities in the private sector or the public sector applies these entities, it is necessary to adjust the descriptions used for some of the items as well as those contained in the financial statements and the financial statements themselves. This study will focus on comparing PSAK 45 and ISAK 35 as the most appropriate basis for mosque financial reporting.

## LITERATURE REVIEW

### Mosque Accounting

Mosque accounting is a service activity in bookkeeping and management of transactions that occur in mosque operational activities. Bookkeeping or a series of activities carried out systematically in the financial sector, based on certain principles, standardization, and procedures to produce actual information in the financial sector in mosque organizations that involve religious members, followers or followers of the relevant religious organizations (Halim and Kusufi, 2016). The role of accounting will be seen if the place of worship or mosque is positioned as an entity or organizational unit (Halim and Kusufi, 2016). Introducing accounting to mosque organizations means that it is more oriented to raise awareness to mosque managers about the importance of accounting practices in the development of mosque organizations (Halim and Kusufi, 2016). Accounting is used as a mosque management as a material positive but distorting tool for Islamic theology (Simanjuntak and Januarsi, 2011).

### PSAK 45

Standards that regulate and provide the purpose of financial reporting in non-profit organizations to provide relevant information to interested parties, especially fund donors, members of the organization, creditors and other parties who make contributions to non-profit organizations. financial reporting of non-profit entities that is easy to understand, has relevance, and has high appeal.

The definition of a permanent limitation is a limitation on the use of a resource set by a resource provider who does not expect a repayment so that the resource is permanently retained, but that a non-profit entity is permitted to use part or all of the income or other economic benefits that come from that resource. Temporary restrictions are restrictions on the use of resources by resource providers who do not expect repayment which stipulate that these resources are maintained up to a certain period or until certain conditions are fulfilled. A bound resource is a resource whose use is restricted for a specific purpose by a resource provider who does not expect repayment. These restrictions can be permanent or temporary. An unrestricted resource is a resource whose use is not restricted for a specific purpose by a resource provider who does not expect repayment.

Types of Financial Statements for Non-Profit Entities The elements of financial statements based on PSAK No. 45: (1) Statement of Financial Position The statement of financial position includes

5 non-profit entity as a whole and presents total assets, liabilities and net assets. (2) Activity Report An activity report covers non-profit entities as a whole and 15 presents the changes in net assets during a period. (3) Cash Flow Statement A cash flow statement must report cash flows during a certain period and classified according to operating, investing and financing activities. (4) Notes to Financial Statements 5 Notes to financial statements can take the form of: (a) Details of an estimate presented, for example, fixed assets. (b) The accounting policies adopted, for example the depreciation method and rates used for the institution's fixed assets, the method for recording non-collection of accounts receivable and the percentage used for reserves (IAI 2015).

3 IAI (2015) in PSAK No. 45 states that "The main purpose of financial 12 reporting is to provide relevant information to meet the interests of non-repayment resource providers, members, creditors, and other parties who provide resources to non-profit entities.

### ISAK 35

According to Bastian (2001: 76-77) the accounting cycle is grouped into three stages, namely: the recording stage consisting of identification and measurement in the form of transactions and bookkeeping, journals, posting to ledgers, the summarizing stage consisting of preparation of trial balances, adjusting journals, working paper, closing journal, trial balance after closing and reversing journal. And the reporting stage consists of balance sheets, surplus and deficit reports, cash flow reports, 14 changes in net assets reports and notes on financial 9 statements. The financial accounting standard for non-profit authorities is ISAK No. 35 which was approved by the Financial Accounting Standards Board 4 of the Indonesian Institute of Accountants (DSAK IAI) on September 28, 2018 3 which explains that the presentation of the entity's financial statements is non-profit oriented. The main purpose of financial reports is to provide relevant information to meet the interests of donors, members 4 of the organization, creditors, and other parties who provide resources to non-profit organizations. If an entity with non-profit activities in the private sector or the public sector applies these entities, it is necessary 8 to adjust the descriptions used for some of the items as well as those contained in the financial statements and the financial statements themselves.

R money scope of the object ISAK 35 is e ntitas oriented nonlaba regardless of their legal form, d itapkan also by entias applying SAK ETAP, Interpretation of SFAS 35 only regulates the presentation of financial statements, so that the provisions of other accounting made by an nonlaba refers to IFRSs or Each relevant SAKETAP.

Freedom to make adjustments to several things according to the conditions of the non-profit entity, including:

- Adjusted descriptions used for some items in the financial statements;
- Adjusted the descriptions used for the financial statements themselves.
- There are no transitional provisions that are specifically regulated in ISAK 35.

### DISCUSSION

On the basis 3 of PSAK 45 is a standard or guide governing finance for non-profit organizations which was first issued by the Indonesian Institute of Accountants (IAI) in 1997. This guideline is

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Financial Accounting Statement (PSAK) Number 45 concerning Financial Reporting of Non-Profit Organizations. And all non-profit organizations are required to use PSAK 45 in 2000. The creation of accounting standards for non-profit organizations is motivated by demands for financial transparency which aim to uniform the presentation of the financial statements of non-profit institutions so that financial reports can be more easily understood, relevant, reliable, and comparable. PSAK 45 regulates the format of the financial statements of non-profit institutions, what content or accounts are in it, the measurement or value of the accounts that need to be displayed and so on. (Nainggolan 2012, 1). In its development, PSAK 45 has undergone several changes, and the most recent revision, namely in 2011 PSAK 45 (revised 2011) on Financial Reporting for Non-Profit Entities was approved by the Standard Board.

Financial Accounting on April 8, 2011. And PSAK 45 (revised 2011) replaces PSAK 45 concerning Financial Reporting for Non-Profit Entities which was issued on December 23, 2007. Basic Framework for Non-Profit Accounting Standards The basic framework for non-profit accounting standards refers to the Basic Framework for Preparation and Presentation of Reports. Finance (KDPPLK). The objectives of the financial statements of non-profit institutions according to KDPPLK (IAI 2011, 4-5) are 3 (three), among others: (1) To provide information concerning the financial position, performance and changes in the financial position of a company that is beneficial to a large number of users in economic decision making ; (2) To meet the common needs of most users. (3) To show what management has done, or as management's responsibility for the resources entrusted to it. The basic accounting assumptions (IAI 2011, 6) are accrual basis and business continuity. On an accrual basis, the effects of transactions and other events are recognized and recorded in the accounting records and reported in the financial statements for the period. Reports prepared on an accrual basis provide information to users not only in past transactions involving cash receipts and payments, but also cash liabilities to be paid in the future, as well as presenting cash to be received in the future. Furthermore, the financial statements are prepared on the basis of the going concern of the company and will continue its business in the future. Non-profit organizations must have qualitative characteristics, namely: understandability, relevance, reliability, and comparability (IAI 2011, 10).

Basic ISAK 35 nature of the standards with the same tier set a different presentation of financial statements showed inconsistencies settings (IAS 1 and IAS 45). The scope of PSAK 1 is understood as if it only applies to profit-oriented entities. PSAK 1 uses terminology suitable for profit-oriented entities including public sector business entities. If the entity is non-profit oriented, it can adjust the description of several items. The scope of PSAK 1 covers substantially the scope of LK management with non-profit activities. Entity Oriented Non-laba (EBNL) and entities for profit (EBL) differ in obtaining the resources do not expect repayment or economic benefits are balanced. The concept of recognition, measurement, presentation and disclosure for similar matters more precisely refers to the existing arrangements in SAK and SAK ETAP. ISAK 35 provides pedoman presenting the financial statements in EBNL and berlaku also for SAK ETAP.

In this case ISAK 35 does not provide a definition or criteria to differentiate EBNL and EBL, but the Entity carries out its own assessment to determine whether it is EBL or EBNL. Several factors to consider:

- 5 Are the resources proportional to the number of resources allotted.

- Producing goods / services without the purpose of making a profit, the amount is not distributed to the founder or owner
- There is no ownership like most EBL pads. Ownership cannot be sold, transferred, redeemed or ownership does not reflect the proportionate share of my resources at liquidation

The financial statements of non-profit organizations include statements of financial position at the end of the period, statements of comprehensive income, reports of changes in net assets, statements of cash flows for a reporting period, and notes to financial statements.

## CONCLUSION

The financial accountability of public entities is relatively higher than private entities because public entities receive funds from the public or donors of funds. Funds received must be accounted for. The resources owned must also be reported to ensure that all funds obtained are properly managed and used in accordance with the purpose of providing funds. Public entities take the form of government and non-government entities. Public entities have special characteristics in terms of objectives and ownership of the entity.

The accounting standard used for Government Entities is the Government Accounting Standard (SAP), while for non-government entities uses PSAK 45 Financial Reporting for Non-Profit Entities before 2020. Effective January 1, 2020, PSAK 45 is revoked and replaced by ISAK 35 Presentation of Financial Statements for Non-Profit Oriented Entities (EBNL). The issuance of ISAK 35 makes the overall application of Indonesian GAAP for the financial reporting of non-profit-oriented entities clear with the exceptions described in ISAK 35. The existence of PSAK itself for non-profit oriented entities often leads to the presumption that only PSAK 45 is relevant to use. Non-profit entities in financial reporting follow the selected financial accounting standards (SAK, SAK ETAP or SAK EMKM) depending on the accountability and needs of users of financial statements. For EBNL that uses SAK, the presentation of financial statements follows PSAK 1 Presentation of Financial Statements with the exceptions described in ISAK 35. EBNL may use financial statement titles that better reflect the characteristics of non-profit oriented entities. In addition, EBNL can also use account names in the financial statements that reflect EBNL characteristics, for example replacing equity with net assets.

P Application of IAS 45 and Interpretation of SFAS 35 almost no difference, especially on the penyusunan and format of the financial statements only in ISAK 35 memperhatikan persyaratan minimum content of financial statements in IAS 1 then dapat menyesuaikan description of some parts, dapat menyesuaikan a description of the financial statements : the title of the report, considers the relevant facts so that it does not reduce the quality of the information presented and the addition of LRA financial reports is possible as long as it is explained in the accounting policy that there are regulatory references, in this case assumptions and what is managed by the mosque is much more complex in its sources and uses. Based on the description regarding the reporting standards of PSAK 45 and ISAK 35, the two reporting standards can be used in the preparation of mosque financial reports, although many mosques still use simple reports.

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