

Islamic Cooperative Financial Reports based on Regulation of Minister of Cooperatives and SMEs Republic of Indonesia No.14/Per/M.UMKM/IX/2015: Case Study of ABC Academic Community Cooperative

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Abstract

Purpose: The aim of this study is to analyze the preparation of Kosika ABC's financial reports based on the Ministry of Cooperatives and SMEs, Republic of Indonesia No.14/Per/M.UMKM/IX/2015.

Research Methodology: This paper adopts a case study method with standardization of the final reporting approach to evaluate how accounting is applied in preparing Kosika Academic Community Cooperative (ABC) financial reports at the end of the period.

Results: The results of the research show that the financial report presented by Kosika ABC, such as the financial position and calculation of overall business results, is acceptable, but the Kosika ABC financial report that has been presented is still not in accordance with the components of the financial report according to the said regulation.

Conclusions: The conclusion of this research is that the suitability of the Kosika ABC financial report to the regulation if, in presentation form, the overall Financial Report is 28.57 %.

Limitations: This case study has several limitations, such as comparative work with other cooperative/s, analysis of several years of financial reports, evaluation of the details of each report, and interview sessions with cooperative operators outside Kosika ABC for triangulation purposes.

Contributions: This case study contributes to the awareness among Islamic cooperative practitioners that they must refer to appropriate reporting guidelines for accountability purposes.

Keywords: *Case Study, Cooperative, Financial Reports, Regulation*

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1. Introduction

The development of cooperatives in Indonesia cannot be separated from the role and contribution of cooperatives to the country. KNEKS once discussed the Cooperative Bill, that is the existence of the Cooperative Bill is necessary to improve Law (UU) number 25 1999 concerning Cooperatives. Apart from the fact that the law is old, in substance it also needs to be improved, for example the law is not yet related to Islamic Cooperatives. The cooperative bill adopts the best practices of successful cooperatives from other parts of the world, for example by introducing single-level governance. So far in Indonesia, what is commonly implemented is level two governance ([Baita, Malami, & Al-Faryan, 2023](#)). Therefore, there are several opportunities in the Cooperative Bill for Islamic cooperatives. First,

regarding the development of the real sector by Islamic cooperatives, because in the Cooperative Bill cooperatives are no longer grouped based on the type of cooperative as in Law number 25 of 1992 (production, consumer, marketing and services), but are based on choices in the Standard Classification of Indonesian Business Fields (*Klasifikasi Baku Lapangan Usaha Indonesia/KBLI*). Another opportunity is that this bill supports the existence of a Shariah Supervisory Board (*Dewan Pengawas Syariah/DPS*), one of the organizational features that becomes the characteristic of Islamic cooperatives. This bill supports more flexible and broader funding for cooperatives, including equity, debt and partnership funds ([Indrawati, Satriawan, & Abdurrohman, 2024](#)). The Cooperatives Bill presents both challenges and opportunities for Islamic cooperatives. This paves the way for Islamic cooperatives to contribute to the real sector, starting from the traditional categorization based on cooperative type to KBLI classification ([Elfaki & Embi, 2023](#); [Saadah, 2022](#)). If it has been passed into law, all cooperatives, including Islamic cooperatives, must make changes to their articles of association, as well as adjust the nomenclature and capital structure of cooperatives ([Hariyanto, 2017](#)). Another challenge is that cooperatives must improve governance, human resources and supervision. Apart from that, once promulgated, the Cooperative Bill will be a challenge for all cooperatives, including Islamic cooperatives ([Surachman, Hermawan, Handayani, & Astuti, 2023](#)). Adjusting the articles of association, adjusting the nomenclature, and restructuring the cooperative's capital are things that must be done. Islamic cooperatives need to improve governance, human resources and supervision. Special restrictions are imposed on Islamic Cooperatives Savings and Financing (*Koperasi Simpan Pinjam dan Pembiayaan Syariah/KSPPS*), limiting their services to members and other cooperatives.

Cooperative financial reports have been referring to a set of accounting standards that provides information about financial status that is useful in developing the business and can be used to make decisions by the management ([Hidayati & Filianti, 2019](#); [Rahajeng, 2022](#)). The Financial Accounting Standards Board (*Dewan Standar Akuntansi Keuangan/DSAK*) introduced an Exposure Draft (ED) for the repeal of *Pernyataan Standar Akuntansi Keuangan/PSAK* No. 27, with a focus on cooperative accounting. The Ministry of Cooperatives and Small and Medium Enterprises issued financial accounting standards for Islamic savings and financing cooperatives to increase accountability in financial reporting ([Yahya, Yusri, Adwani, Adli, & Jafar, 2023](#)). This is based on the impact of the convergence of International Financial Reporting Standards (IFRS), which leads to the need for certain industry financial accounting standards. So that the Ministry of Cooperatives and Small and Medium Enterprises issued financial accounting standards for Islamic financing savings and loan cooperatives to increase the accountability of cooperative financial reporting. Similar effort has also been conducted by Bank Indonesia in collaboration with Institute of Indonesia Chartered Accountants (*Ikatan Akuntan Indonesia/IAI*) to ensure accountability of Islamic boarding schools in Indonesia. Additionally, [Febriani and Nurarifah \(2023\)](#) argue that Islamic boarding schools must practice effective internal controls and instill Islamic values in its administrative and accounting systems. This is useful to avoid fraud in the organization such as accounting manipulation. According to [Hidayatullah and Sulhani \(2018\)](#), manipulation of financial reports is a form of fraud which results in a decline in the quality of financial reports. However, the influence of top management support has an impact on the quality of accounting information systems. According to [Cahyadi, Mukhlisin, and Pramono \(2020\)](#) there are four dimensions used in top management support such as planning, organizing, directing and supervision. Taking all important points above, this paper therefore aims to analyze the implementation of the preparation of Kosika ABC's financial reports based on Minister of Cooperatives and SMEs Republic of Indonesia No.14/Per/M.UMKM/IX/2015.

The following section explores theoretical study on the regulation, followed by a section on research methodology. Next, the result section presents the survey summary and measurement as well as analysis. The final section concludes the study and suggests recommendations for future research.

2. Literature Review

As it develops, KSPPS under the auspices of the Ministry of Cooperatives and Small and Medium Enterprises (*Kementerian Koperasi dan Usaha Kecil dan Menengah Republik Indonesia/KKUKM RI*) have legal implications, one of which is the obligation to present financial reports in accordance with

KKUKM Ministerial Regulation Number: 14/Per/M.KUKM/ IX/2015 Concerning Accounting Guidelines for KSPPS. These laws and regulations are based on Islamic principles as well as the development of financial accounting standards which include SAK-General, SAK-ETAP, and PSAK Syariah. However, there are still many KSPPS which in practice are less than accountable in preparing their financial reports [Hernawati and Irawan \(2022\)](#), this is also the case with ABC Academic Community Cooperative (Kosika ABC).

Despite positive trends in business profit (*Sisa Hasil Usaha*/SHU) acquisition and annual asset growth, several Islamic cooperatives, including KOSIKA ABC, face challenges in fully implementing the regulation No. 14/Per/M.KUKM/IX/2015. This misalignment may be caused by a mismatch between operational practices and the cooperative's articles of association and the increase in total assets every year, as well as regularly holding annual member meetings (*Rapat Anggota Tahunan*/RAT), KOSIKA ABC still has not fully implemented the regulation No.14/Per/M.KUKM/IX/2015. This apparently is not in accordance with the Articles of Association of Kosika ABC Chapter generally. Existing literature highlights the importance of aligning Islamic cooperative financial reporting practices with regulatory guidelines. However, there is a research gap regarding the specific implementation of financial reporting by Kosika ABC based on Regulation no. 14/Per/M.KUKM/IX/2015, which motivates the aim of this research ([Khoerulloh & Janwari, 2021](#)).

The preparation of Islamic cooperative financial reports requires compliance with both cooperative accounting guidelines and sharia-based financial reporting principles ([Ramadayanti, Mainata, & Pratiwi, 2017](#)). In the context of Regulation of the Minister of Cooperatives and SMEs Republic of Indonesia No. 14/PER/M.KUKM/IX/2015, Islamic cooperatives are expected to present financial information that reflects accountability, transparency, and conformity with sharia transactions. Previous studies show that many Islamic cooperatives still face challenges in preparing complete financial statements, particularly in presenting reports on cash flows, zakat funds, benevolent funds, and notes to financial statements as required in sharia financial reporting standards ([Lestari, 2021](#); [Nazhifah, Wisandani, & Marlina, 2020](#)). Therefore, the assessment of financial reporting practices in the Academic Community Cooperative (ABC), is important to evaluate whether its reporting structure has fulfilled both regulatory and sharia accounting expectations ([Kahf & al-Saudi, 2016](#)).

In the case of the ABC Academic Community Cooperative, the implementation of financial reporting based on Ministerial Regulation No. 14/PER/M.KUKM/IX/2015 can strengthen the quality of cooperative accountability to members, managers, and other stakeholders. [Luthfi and Musviyanti \(2022\)](#) found that the application of this regulation in Islamic savings and financing cooperatives can affect the recognition and presentation of financial elements, while [Saputri, Fitriyah, and Jumaidi \(2023\)](#) emphasized the need to reconstruct Islamic cooperative financial statements so that they align with *Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik* (SAK ETAP) and *Pernyataan Standar Akuntansi Keuangan* (PSAK) 101. These findings indicate that Islamic cooperative financial reporting is not only a technical accounting issue but also a governance mechanism that supports transparency, member trust, and institutional credibility in sharia-based cooperative management ([Selasi, Vidiati, & Tardjono, 2022](#)).

3. Research Methodology

The research method adopts a case study method. This method is descriptive with the aim of finding information on how accounting is applied in preparing cooperative financial reports at the end of the period. As this case study merely analyzes the financial report content, it is then different from other research such as the one conducted by [Ramadini, Hasanah, and Irfany \(2023\)](#) who employ Analytic Network Process (ANP) method with a Strength Weakness Opportunity Threat (SWOT) network structure for setting business strategy. However this case study is in line with the approach used by illabulo accounting practices which include material and non-material elements, such as cultural values and religiosity ([Thalib, Polapa, Rumampuk, & Ma'luna, 2023](#)). This data was obtained directly from the results of interviews with chairman, treasurer, accounting staff and manager of Kosika ABC. Secondary data is in the form of Kosika ABC's financial report for the 2021 financial year. Data is obtained from data collection and then analyzed so that it can be presented in a form that is easy to

understand and so that it can answer the problem formulation and provide conclusions. As this is a case study, thus data collection is only conducted in one institution which is at Kosika ABC, none of the informants is from outside the organization unlike the research carried out by [Thalib \(2023\)](#) that involve various religious leaders in his interviews and observations. It is also different from the research documented by [Taufik and Rusmana \(2023\)](#) who use Systematic Literature Review method on papers published in Scopus database and Google Scholar, whereas this study only refers to relevant extant studies regarding cooperative practices in any journal publications.

The results that have been processed are then compared in accordance with the Regulation of the Minister of Cooperatives and SMEs of the Republic of Indonesia No.14/PER/M.KUKM/IX/2015 and to analyze the data, researchers carried out the following steps:

- a) Understand the Regulation of the Minister of Cooperatives and SMEs No.14/PER/M.KUKM/IX/2015 which is supported by literature or references that strengthen the research.
- b) Collect data related to research subjects that can understand the background of the research site.
- c) Collect data from companies related to accounting data through accounting policies and entity financial reports.
- d) Compare concepts related to accounting data according to the perception of cooperative actors with the Minister of Cooperatives and SMEs Regulation No.14/PER/M.KUKM/IX/2015 which is the accounting guideline for KSPPS Cooperatives.
- e) Evaluate the application of accounting treatment in preparing cooperative financial reports with the Minister of Cooperatives and SMEs Regulation No.14/PER/M.KUKM/IX/2015.
- f) Describe the results of the research report.
- g) Provide conclusions from the problem formulation and provide suggestions for development in implementing research results.

4. Results and Discussion

4.1 General State of the Organization

ABC Academic Community Cooperative (Kosika) is a cooperative founded at the initiation of employees of ABC University. Based on deed no. 01 on March 4 2008, on January 29 2008 it was located in Bogor, a meeting was held to establish the ABC Academic Society Cooperative (Kosika) attended by 20 meeting participants as founders of the cooperative. Kosika ABC 1 is a multi-business cooperative based on Pancasila and the 1945 Constitution and based on family principles. In 2022 the number of Kosika ABC members will be 172 people consisting of ABC Campus employees, lecturers and alumni, ABC Islamic Center and Mosque employees, ABC Global Islamic School (AGIS) employees and teachers, ABC 2 employees, ABC 3 employees. The types of business provided by KOSIKA ABC are Murabahah Financing for all members, Cafe Business in ABC 1 Campus B, Procurement of kitchen materials for ABC 1 Campus A, Management of the Laundry and kitchen at ABC 1 Campus C, Rice Stall Business at Babangan Madang Market and Mudharabah Investment for external parties. Kosika ABC has a vision of becoming a synergistic and successful cooperative. In order to support the vision, Kosika ABC has a mission to improve the welfare of its members.

4.2 KOSIKA ABC Membership

Law No. 25 of 1992 states that cooperative members are included as users of cooperative services and also as cooperative owners. Members who can register as Kosika ABC members are those who have met the membership requirements. The conditions include:

- a) Have full power to take legal action (adult);
- b) Registered as an employee or alumni of ABC group;
- c) Declare to comply and agree with the regulations stipulated in the cooperative's articles of association; and
- d) Has stated the ability to pay cooperative savings (principal savings and mandatory savings).

4.3 Kosika ABC Business Activities and Capital

Kosika ABC is a type of all-business cooperative because it has more than one type of business, namely Islamic financing, savings units and general trading which aims to improve the welfare of its members and also meet members' needs. Business unit activities at Kosika ABC include:

- a) Savings unit
- b) Murabahah financing unit
- c) Trading Unit (cafe/nice stall)
- d) Mudharabah investment unit to external parties

Kosika ABC's capital comes from principal savings which have been set at IDR 212,000,-, mandatory savings of IDR 30,000,- per month and voluntary savings as for grant funds from ABC Campus Alumni Association amounting to IDR 100,000,000,-. Principal savings can be paid in installments or all at once, while savings must be paid without installments by deducting them directly in the payroll process for each ABC Group unit so that Kosika ABC only receives a list of members who have been deducted by the Human Resource Development (HRD) section of each ABC Group unit and reports. proof of deposit transfer to Kosika ABC account. Principal savings and mandatory savings can be withdrawn when a member resigns from Kosika ABC membership.

For Murabahah financing business unit, Kosika ABC uses members' voluntary savings funds using Mudharabah with a profit sharing of 40:60 between members who have voluntary savings and the manager, in this case Kosika ABC. A research shows that legal relationship between shahibul maal and mudharib is a balanced relationship, where both parties fulfill the rights and obligations of each party entering into the agreement ([Sunardi, Widyaningrum, Jufri, & Suryati, 2021](#)). The profit sharing from Murabahah financing is calculated monthly and paid annually when the Annual Members' Meeting (*Rapat Anggota Tahunan/RAT*) is held. Members who undertake Murabahah financing are required to fill out a financing application via the application on the online application by entering details of financing the goods required according to the member's capabilities with a guaranteed salary deduction with the installment amount not exceeding 30% of the salary received. The amount of margin is determined in accordance with the agreement between Kosika ABC and members who apply for financing by directly informing the agreed purchase price and margin and paying in installments according to the member's capabilities. Members who have just registered can apply for Murabahah financing after three months of registering to become a Kosika ABC member.

The basis for preparing and presenting financial reports for savings and loan businesses and Islamic financing by cooperatives includes PSAK, Financial Accounting Standards for Entities Without Public Accountability (*Standar Akuntansi Keuangan-Entitas Tanpa Akuntabilitas Publik/SAK-ETAP*) and PSAK Syariah. As for PSAK Syariah, [Mukhlisin \(2021\)](#) argues that it has fulfilled maqashid shariah elements compared to other international financial reporting standards. Therefore, it is wise if an Islamic cooperative adopts PSAK Syariah in its financial reporting. Furthermore, [Ridwan, Pagalung, Luthfi, and Amin \(2023\)](#) asserts that a key to achieve the goal of maqashid shariah is by purifying the soul, justice, and raising public welfare. In preparing the reports, KOSIKA ABC certainly has standard guidelines and guidelines that serve as a reference for preparing financial reports. Guidelines in preparing financial reports are needed so that there is uniformity in company financial reports and they are easy to understand by users of financial reports. The basis for preparing cooperative financial reports is based on PSAK 27 concerning Cooperative Accounting. The Indonesian Accounting Association (IAI) revoked PSAK 27 which became effective on January 1 2012. The replacement standard is Minister of Cooperatives and Small and Medium Enterprises Regulation No. 12 of 2015 for Accounting Guidelines for Real Sector Cooperatives, Minister of Cooperatives and Small and Medium Enterprises Regulation No. 13 of 2015 for Accounting Guidelines for Savings and Loans Businesses or Savings and Loans Units and Regulation of the Minister of Cooperatives and Small and Medium Enterprises No. 14 of 2015 for Accounting Guidelines for KSPPS.

Minister of Cooperatives and Small and Medium Enterprises Regulation No. 14 of 2015 for KSPPS reveals that financial reports include financial position and report on calculation of business results, report on changes in equity, cash flow report, report on sources and use of Zakat, Infaq, and Sadaqah

(ZIS) funds, report on sources and use of benevolent funds and notes to financial reports. From the interviews with operational managers of Kosika ABC, it is discovered that Kosika ABC is not yet registered as an Islamic Cooperative but all its transactions have complied to Islamic principles. Kosika ABC's financial reports for several business and operational units are managed directly by the operational section which is directly supervised by the main treasurer of Kosika ABC. Financial reporting is prepared based on reports from operational managers by submitting proof of transactions for each business unit. All transactions from all business units are then reported to the bookkeeping department for recording and preparation of financial reports for the annual financial year period.

Based on interviews with operational management, financing at Kosika ABC is only available to members, with repayments deducted monthly through HRD and transferred via the cooperative's account. Other business units, such as canteens and cafés, submit daily turnover reports that are recorded monthly by the bookkeeping department, while investment activities are managed by the treasurer and reported monthly as profit-sharing income, which is annualized at year-end. All transactions are recorded using the XYZ Accounting system. The financial statements are prepared in accordance with Minister of Cooperatives and SMEs Regulation No. 14 of 2015, using an accrual basis and following applicable cooperative accounting standards.

KOSIKA financial report is assessed from the Minister of Cooperatives and SMEs Regulation No. 14 of 2015 concerning Accounting Guidelines for KSPPS. The components of Kosika ABC's financial reports consist of a Financial Position Report, Business Results Calculation Report or Profit and Loss Calculation Report and Activity Report for each business unit. The implementation of preparing Kosika ABC's financial reports is as follows:

a) Financial Position

The financial position is a report that provides information about the financial position of an institution, namely the amount of assets must be equal to the sum of liabilities and equity. Details of the assets owned by Kosika ABC have largely implemented financial reports from the Minister of Cooperatives and SMEs Regulation No. 14 of 2015. The details of Kosika ABC's obligations are not all in sync with the implementation of financial reports based on Permenkop No. 14 of 2015 and the details of the equity owned by Kosika ABC, not all of them have implemented Kemenkop No. 14 of 2015.

b) Business Results Calculation Report

According to PERMENKOP UKM no.14/PER/M.KUKM/IX/2015, the components for calculating business results consist of main operating income, namely income originating from the main activities of cooperative businesses that run Islamic principles with members, including income in the form of profit sharing, *murabahah* margin income, *udharabah* profit sharing income, *Musyarakah* profit sharing income and non-profit sharing income (*Salam* income, *Istishna* income, *Ijarah* reward (*Ujrah*) income, income from *Rahn* fees). main operating income components include:

- 1) Murabahah margin income
- 2) Greetings Income
- 3) Istishna's Income
- 4) Ijarah income
- 5) Mudharabah Profit Sharing Income
- 6) Musyarakah Revenue Sharing

Other operational income is income that originates from other than the main operational income, such as administrative income from financing provided. Profit sharing for depositors are the portion of profit sharing agreed upon between members as depositors and the cooperative which is taken from the main operational income. Non-Operational Income is income that originates from other than main operational business activities, such as bank profit sharing. Remaining gross operating results are all main operating income which has been deducted by expenses or expenses from operational activities, business and other expenses. Operational expenses are costs incurred in

carrying out sales activities of savings and loan services by Islamic cooperatives to members. Operational expense components include:

- 1) Business expenses, are costs incurred by the cooperative which are directly related to the cooperative's business activities including (a) Promotion costs, (b) administrative and general costs including: (c) Employee salary costs; (d) Office stationery costs; (e) Official travel costs related to savings and loan activities; (f) Wage costs; (g) Depreciation and amortization expenses; (h) Electricity costs; (i) Telephone charges.
 - 2) Cooperative expenses include costs not directly related to core operations such as education and training, meetings, organizational development, and management honoraria, while other income consists of non-core revenues like asset sales, and other expenses include losses from asset sales, investment losses, cooperation activities, and social responsibility costs, with tax expenses relating to income tax obligations. Remaining operating results (SHU) are calculated from main operating income after deducting operating expenses, other income and expenses, and taxes. Although Kosika ABC's reporting components are generally aligned with Permenkop No. 14 of 2015, the presentation is still titled as a conventional profit and loss statement rather than a standardized SHU calculation report.
- c) Statement of changes in equity
The report on changes in equity is the addition of subtractions to the cooperative's equity components in a certain period. Kosika ABC does not present a report on changes in equity at the end of the accounting period and there is no information about changes in equity owned by Kosika ABC.
- d) Cash flow statement
The cash flow report is a statement of historical changes in cash and cash equivalents of a cooperative which explains separately the changes that occur during one period from operating activities, investment activities and financing activities. In its implementation, Kosika ABC does not present cash flow reports at the end of the financial year period, but in the application system there is a cash flow report menu that can be presented if needed. Likewise, the results of interviews with management stated that the cash flow report was prepared using the indirect method and cash flows were grouped on the basis of operating, investment and financing activities. For cash flow, cash equivalent, bank and long-term investment reporting purposes.
- e) Notes to financial reports
Notes to financial reports are additional information presented in the financial reports which contain descriptive explanations or details of the amounts presented in the financial reports and information on items that do not meet the recognition criteria in the financial reports. But in implementation, Kosika ABC has several additional notes to explain accounts that require details, such as the number of members whose credit is bad because it does not appear to be included in the total Murabahah receivables.

In the application of accounting and preparation of financial reports, the process of recognition and measurement (treatment), presentation and disclosure based on each transaction and estimates of accounting events in cooperatives can be explained as follows: recognition is the basis for establishing an item so that it can be included, either by name or number, in the balance sheet. Recognition is the process of establishing a post/account on a balance sheet or business results calculation report that has a value or cost that can be measured, where the economic benefits associated using these assumptions, will flow from or to the cooperative entity. Pervasive concepts and principles (ETAP: 2.30) define measurement as the process of determining the amount of money that an entity uses to measure assets, liabilities, income and expenses in financial statements.

Income presentation refers to the amount reported in the income statement based on the general ledger at the fair value of sales proceeds. Fair presentation requires an honest representation of transactions, events, and conditions in accordance with the recognition criteria for assets, liabilities, income, and expenses. Disclosure involves providing additional information in financial statements and other communications, including notes, subsequent events, management discussion and analysis, forecasts, and supplementary segment information beyond historical cost ([Suwardjono, 2014](#)). In this context, disclosure serves as additional explanatory information for account items presented as notes in cooperative financial reports.

4.4 Discussion

4.4.1 Financial Position

Kosika ABC's financial statements are not yet fully aligned with PERMENKOP UKM No. 14 of 2015. Although the financial position should include cash, bank, murabahah and qard receivables, inventory, mudharabah investments, fixed assets, liabilities, and capital, in practice only murabahah receivables and inventory are presented due to its Islamic financing focus. Trade receivables also cover non-financing activities such as kitchen vendor services, which will end after the current contract, while fixed assets are not properly recorded and are treated as consumable items, and no securities are held as current assets. On the liability side, accounts include deposits, trade payables, and SHU distributions. Mudharabah investments are incorrectly classified as current assets instead of temporary syirkah funds, and voluntary savings are not separated between mudharabah and wadiah schemes, with SHU distributions calculated annually and paid at the Annual Members' Meeting.

4.4.2 Calculation of Business Results

Calculation of business results refers to the cooperative's financial performance within one accounting period based on Islamic principles. The Kosika ABC report is still presented as an income statement, not a "business results calculation report" as required by Minister of Cooperatives and SMEs Regulation No. 14 of 2015. The report includes total business income and non-business income such as bank profit sharing, minus operating expenses (salaries, transportation, utilities, and licensing fees) and non-operating expenses such as depreciation and bank service taxes, resulting in net profit or residual business income (SHU).

SHU represents the cooperative's surplus after deducting all costs, including reserves, and is distributed to members while part of it is allocated for cooperative education and other purposes based on member meeting decisions or the cooperative's articles of association. If SHU distribution is clearly determined, the portion belonging to members is recognized as a liability, while the cooperative's share is recorded as equity/reserve. If the allocation is not clearly defined, SHU is recorded as current-year surplus and disclosed in the notes to financial statements.

4.4.3 Statement of Changes in Equity

Kosika ABC has not yet prepared a Statement of Changes in Equity as required under Minister of Cooperatives and SMEs Regulation No. 14/PER/M.KUKM/IX/2015 for KSPPS accounting. This report should present changes in equity during the reporting period, including business results, revaluation gains or losses of fixed assets, investments or participation, grants, effects of accounting policy changes, and corrections of errors. It also provides a reconciliation of each equity component from beginning to end of the period. Equity components consist of principal savings, mandatory savings, grants, reserves, and undistributed SHU, which are important for decision-making and performance evaluation. Since Kosika ABC does not prepare this statement, equity information is currently derived from the balance sheet, including principal savings, mandatory savings, grant funds, SHU reserves, and voluntary savings.

4.4.4 Cash Flow Statement

A cash flow statement describes the inflows and outflows of cash and cash equivalents within an organization during a reporting period and shows the net increase or decrease in liquidity. It must be prepared in accordance with PSAK Syariah and forms an integral part of the financial statements, typically classified into operating, investing, and financing activities using the indirect method. For Islamic cooperatives, cash and cash equivalents include cash on hand, Islamic bank accounts, demand deposits, and short-term deposits. Kosika ABC is required to prepare this report to monitor changes in cash more transparently, as the balance sheet only presents ending balances without explaining their sources or uses, thereby supporting better management decision-making.

4.4.5 Notes to Financial Reports

Notes to Financial Statements (CALK) should be systematically prepared and linked to the statement of financial position, fund flow report, and cash flow statement, disclosing information such as organizational overview, accounting basis and policies, items required by PSAK but not presented in

other reports, additional explanations for fair presentation, as well as detailed and material account breakdowns. However, Kosika ABC does not present CALK as management considers it not yet necessary. This condition reflects varying levels of non-compliance in financial reporting. It is important that cooperative founders and management prioritize member welfare as the primary objective of cooperatives, and as a sharia-based entity, compliance with Islamic principles and regulations is essential. Therefore, there is a need to avoid shifting from cooperative and religious logic toward market and corporate logic, as argued by [Mukhlisin and Fadzy \(2020\)](#) in their discussion of conflicting logics in Islamic financial institutions.

5. Conclusions

5.1 Conclusion

The conclusions of this case study underscore the importance of the Cooperative Bill in reshaping the cooperative landscape in Indonesia. This legal framework introduces opportunities and challenges for Islamic cooperatives, emphasizing the need for compliance with certain financial reporting standards. Kosika ABC case further emphasizes the importance of studying the practical implementation of financial reporting regulations to bridge existing research gaps. Based on the research, it was concluded that the financial reports presented by Kosika ABC, namely the Financial Position and Calculation of Overall Business Results, were presented quite well. The balance sheet report includes 3 accounts, namely assets, liabilities and capital, but there are still several transactions that have not been recognized and presented in the balance sheet report. The calculation of profit and loss or calculation of business results includes three accounts, like income, expenses and profit or remaining business results, but in the presentation there are still differences in naming.

Kosika ABC financial report that has been presented is still not in accordance with the financial report components according to the accounting guidelines of Minister of Cooperatives and SMEs Regulation No.14/PER/M.KUKM/IX/2015, namely financial position, calculation of business results, report on changes in equity, cash flow report and notes to financial reports. Kosika ABC also does not present a report on the source and use of ZIS funds because it does not present a report on the source and use of benevolence funds because Kosika ABC does not receive and distribute ZIS and Benevolent funds. So that in the process of preparing financial reports and implementing accounting, the recognition process has not been implemented because there are no notes to the financial reports. The suitability of KOSIKA ABC's financial reports to Minister of Cooperatives Regulation No.14/PER/M.KUKM/IX/2015 in presentation form is 28.57%.

5.2 Research Limitations

This study has several limitations that should be considered when interpreting the findings. First, the research only focused on a single Islamic cooperative, namely Kosika ABC, which limits the generalizability of the findings to other cooperatives with different organizational characteristics and financial management systems. Second, the study relied primarily on the analysis of available financial reports and supporting documentation without conducting broader comparative evaluations with other Islamic cooperatives. Third, the research only analyzed financial reports within a limited reporting period, which may not fully capture changes in accounting practices and regulatory compliance over time. In addition, several accounting recognition and disclosure practices could not be comprehensively assessed due to the absence of complete notes to the financial statements.

5.3 Suggestions and Directions for Future Research

Future research is recommended to conduct comparative case studies involving multiple Islamic cooperatives to obtain broader insights into the implementation of Minister of Cooperatives and SMEs Regulation No.14/PER/M.KUKM/IX/2015. Further studies may also analyze financial reporting practices across several accounting periods to identify consistency and improvement in regulatory compliance. In addition, future researchers are encouraged to incorporate interview sessions with cooperative managers, accountants, auditors, and members to strengthen data triangulation and provide deeper understanding regarding challenges in implementing Islamic cooperative accounting standards. Expanding the study by integrating PSAK 101 and SAK ETAP perspectives may also contribute to developing a more comprehensive Islamic cooperative financial reporting framework.

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Author Contributions

SSM contributed to conceptualization, methodology, data collection, formal analysis, investigation, writing original draft preparation, and visualization. MM contributed to supervision, validation, review and editing, theoretical framework development, and project administration.

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