

Transparency Elevation: Biological Asset Accounting Treatment -Based Al-Shiddiq Value (Study at PT PP London Sumatera Indonesia Tbk)

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Abstract— The purpose of this research is to find out how accounting treatment is carried out by PT London Sumatera Indonesia Tbk and to find out if the company has implemented the value of honesty *otshiddiqin* presenting its financial statements so that they not only prioritize personal interests but also prioritize the interests of the users of financial statements. The approach used in this study is a case study approach, which focus on accounting treatment cases implemented by PT Lonsum. Data collection is carried out through documentation media and strengthened by secondary data in this case financial statements. Content Analysis became the data analysis technique used in this study. The results of this study suggest that the accounting treatment carried out by the company has been in accordance with PSAK 69 except in terms of depreciation. Reviewed from a shariah point of view in this case the implementation of honest attitude or *shiddiq* company has done accounting treatment ranging from recognition to disclosure of biological assets in financial statements in accordance with the principle of honesty. Not only are profit a top priority but they put the common good first while upholding the value of honesty in presenting financial information.

Keywords— PSAK 69, Biological Assets, Al-Shiddiq.

I. INTRODUCTION

Indonesia is a region of Southeast Asia that has a lot of natural wealth. This is in line with nurhandika research (2018) which says that southeast Asia is a tropical region that has so many abundant natural resources, examples of tropical products such as palm oil, rubber, coffee, tea, bananas, cocoa, and so on. The natural wealth owned by the State of Indonesia provides a great opportunity for the people in utilizing it. An example in this case is managing existing biological assets. Biological assets here include (animals and plants) undergoing a period of transformation.

According to Sayekti et al. (2018) says that biological assets are assets that have a period of transformation of growth. This transformation consists of growing, degenerate, and producing. The transformation period

requires the company to take measurements that can show sufficient asset value. Biological assets make a large economic contribution to the company so it needs to be disclosed in financial statements. Astriani et al. (2017) who said that financial recording is important in a business, because by doing financial recording we can know the amount of profit earned and facilitate in measuring the improvement of the company's performance.

The financial information contained in the financial statements is very useful for internal and external parties in economic decision making (Putra, 2018). The importance of a financial statement so that the company is expected to recognize, measure, and disclose all of its biological assets in its annual report as an information medium for users of financial statements. This is in line with the results of the study Sa'diyah et al. (2019) said that the value of

biological assets in a company should be put forward or explained. Therefore, the company needs to disclose financial information submitted through the annual report.

The disclosed value of biological assets in financial statements equally appreciates the contribution of biological assets to the company. In disclosing biological assets should certainly use the method of measuring assets to know how much value those assets should be presented in financial statements so as to show the actual value.

Related in this case is transparent behavior in presenting biological asset value information in financial statements. Transparency is an openness in providing material and relevant and accessible information (Hasniati, 2016). Transparency is aimed at building reciprocal trust between owners and interested parties through adequate financial information and ease of accessing accurate information (Kusuma, 2012).

The criteria of transparency include: a) Easily accessible to interested parties, b) Easily understood clearly, c) True or not misleading (Main and Setiyani, 2014). Transparent conduct arises due to demands from stakeholders to produce relevant and quality financial statements. In addition, transparency will minimize the level of suspicion of interested parties related to fraud in the accounting process. Looking at the various problems that occur, therefore it is very important to integrate the values of the islamist in presenting information for its users. In this case it is the internalization of al-shiddiq values that means that we as believers must be clean and honest people and always be with honest and true people.

II. OBJECTIVES

Based on this, the purpose of this research are; 1) To know treatment of Biological Asset Accounting in PTPP London Sumatera Indonesia Tbk?; 2) To Know Transparency of Biological Asset Accounting Treatment at PT PP London Sumatera Indonesia Tbk?; 3) To Know Al-Shiddiq's Value-Based Biological Asset Accounting Treatment in Improving The Transparency of The Presentation of Financial Statements at PT PP London Sumatera Indonesia Tbk?.

III. THEORETICAL REVIEW

3.1 Al-Shiddiq concept

In Arabic, honesty is a translation of the word shiddiq which means true, trustworthy. In other words and deeds according to the truth. Shiddiq or honest is the main trait that must be had by humans. Honesty is a matter that is closely related to the problem of Religion, be it

religion, morality or muamalah. Honesty is also called true, giving something right according to reality. The honesty is in the speech, also in the deed, as is the person who does an act, certainly according to what is in his or her soul. Ideally, all activities carried out should be based on Islamic values both in terms of honesty and justice so that both sides both benefit (Fuad and Abdullah, 2017).

3.2 Theory of Justice)

Plato's theory of justice emphasizes harmony. Plato defines justice as "the supreme virtue of the good state", while a just person is "the self disciplined man whose passions are controlled by reason". According to Plato, justice is not directly linked to the law but justice is a common substance of a society that makes and maintains its unity. From the above, Plato considers an issue that requires arrangements and laws must reflect a sense of justice, because for Plato the law and the law are not solely to maintain order and maintain the stability of the country, but rather the most important thing is to guide the community to achieve the priority so that it is worthy to be a citizen of the ideal country. The theory of justice refers to the creation of standards or rules that require rulemakers to apply fairly in the sense that the rights of others must be given in order to create harmony without the party feeling harmed (Nasution, 2014).

3.3 Transparency

Transparency is very important in order to present clear and accurate information. Transparency is also one way to realize the company's responsibility to stakeholders (Kusuma, 2012). Transparency is an openness in providing material and relevant and accessible information (Hasniati, 2016). In line with the results of the main research and Setiyani (2014) said that transparency is an openness of information related to the activities of a company that is easily accessible to interested parties, easy to understand, clear, and true. The criteria of transparency include: a) Easily accessible to interested parties, b) Easy to understand and Clear, c) True or not misleading (Main and Setiyani, 2014). It is important to apply an honest or transparent attitude in presenting a financial information because in addition to accountability to humans also we are accountable to Allah SWT. Ideally, all activities carried out should promote the value of honesty and justice so that no party feels harmed (Fuad and Abdullah (2017).

3.4 Statement of Financial Accounting Standards (PSAK 69) Agriculture

PSAK 69 is a Statement of Agricultural Financial Accounting Standards issued specifically to regulate the accounting of biological assets included in this is an

assessment of biological assets in agricultural companies. Statement of Financial Accounting Standard (PSAK) 69 purely uses fair value-based measurements to assess the biological assets of agricultural companies. PSAK 69 is an adoption of the International Accounting Standards (IAS) 41 Agriculture which was ratified on December 16, 2017 and effective on January 1, 2018. PSAK 69 governs accounting rules on biological growth and changes in plants and animals. The presence of this standard is against the backdrop of the many agricultural companies in Indonesia that are starting to develop and should have made disclosures of biological assets in the annual report (Nurhandika, 2018). The preparation of financial statements according to standards is very important in a business, in addition to being able to know the amount of profit earned in a period also facilitates in measuring the performance of a company so as to facilitate in the framework of decision making.

3.5 Biological Assets

Biological assets are unique assets as they undergo a period of transformation. In line with this, Fuad and Abdullah (2017) said that the assets in the form of living plants and animals in question are unique because they are experiencing a period of transformation that is growing, developing and producing. Biological assets in question are animals and plants that undergo biological changes and cause the value of those assets to change both quantitatively and qualitatively (Meilansari et al., 2019). Biological changes in these assets are required to show the value of biological assets sufficient to be presented in the annual financial statements. In line with the results of sa'diyah et al. (2019) said that to reflect the recorded number of biological assets in the company, the company needs to disclose financial information submitted through the annual report.

3.6 Historical Cost

A historical cost is a measure used by accounting where the price of an asset is based on the original cost when acquired by a company. According to Sonbay (2010) historical costs are the agreed price of exchange activity recorded in the bookkeeping and require the use of the acquisition price in recording assets, debt, capital and costs. The use of historical cost in the preparation of financial statements means recording financial information based on the price of acquisition or recorded based on the value at the time of the transaction (Hartono, 2015). Accounting with basic historical cost wants to maintain two characteristics of information namely objectivity and verifiability. In fact, the users of financial statements are very interested in the relevance or presentation of financial

information based on the actual reality or conditions related to the current situation so as to facilitate in decision making (Hartono, 2015).

3.7 Fair Value

According to Suwardjono (2016: 199) says that fair value is a certain amount of money that has been approved for a particular object in a transaction with a interested party without any intervention and coercion. The International Financial Accounting Standards Council states that fair value is the only relevant concept in the business world. Based on ED PSAK No. 68 on Fair Value Measurement, fair value assessment techniques are: Market Approach, Cost Approach, and Income Approach.

3.8 Recognition

The contribution of biological assets to the company needs recognition in financial statements. Biological assets whose characteristics undergo a period of transformation so that they change in value every time from nursery or seed to the point of harvest, at which point all costs incurred should be recorded (Pratiwi, 2018). According to Suwardjono (2016:195) says that recognition is information presented with financial statements as a central marker of financial information reports. The recognition process is the establishment of a post or account in financial statements that meets the criteria for asset recognition (Fuad and Abdullah, 2017).

3.9 Measurement

The existence of biological assets certainly needs to be measured/assessed using certain methods to determine how much value of biological assets will be presented in financial statements. According to Suwardjono (2016:207) says that measurement is the determination of the size of the measuring unit to be attached to an object (element or post) involved in a transaction. Measurement is an important part of the accounting process in order to produce reliable and relevant information in economic decision making (Uzlifah et al., 2018).

3.10 Presentation

Suwardjono (2016: 343) says that assets are presented smoothly based on their liquidity level, which is intended to make it easier for readers to evaluate the liquidity of the company. Included in this is the presentation of biological assets. Biological assets as current assets presented in the post financial statements (inventories) with the type of biological assets classified into immature and mature assets (Magfiroh, 2017). In the plantation sector, the recognition of biological assets uses the terms New Plants (TB), Unregenerated Crops (TBM),

and Yielding Crops (TM) (Pratiwi, 2017). However, there are also entities that recognize their biological assets as mature and immature assets and are presented into current asset accounts (Meilansari et al., 2019). In relation to the value of profits and losses, overall gains and losses earned at the point of harvesting will be displayed in financial statements in the period (Magfiroh, 2017).

3.11 Disclosure

Disclosure relates to the issue of how a financial information may be presented in financial statements. The posts in the financial statements need to be clearly and understandably disclosed. Entity with biological assets must provide complete and clear disclosure of activities carried out, the value of biological assets, and profits and losses (Nurhandika, 2018). Disclosure aims to display all information deemed necessary to be presented in order to provide services to parties of different interests (Sefty and Farihah, 2016).

3.12 Financial Statement

Financial statements are the final result of the accounting process which will be used as a means to measure and evaluate a company's performance and facilitate decision making. The financial statements compiled should refer to the prevailing standards due to their very important role for business continuity (Putra, 2018). The purpose of the preparation of financial statements is to make it easier for entrepreneurs to know the true condition of their company and to measure performance in running their business. In addition, entrepreneurs can also know the source and use of business funds so that they can evaluate financial performance (Ismadewi et al., 2017; Rahmayuni, 2017; Ramadan and Syarfan, 2016). The financial information contained in the financial statements is very useful for internal and external parties in economic decision making (Putra, 2018).

3.13 Al-Shiddiq Values Transparency of Biological Assets

The application of honesty value (Al-Shiddiq) in assessing biological assets will minimize fraud in presenting the value of biological assets. We as human beings will realize that the world is only temporary so that there needs to be a balance between the interests of this world and the Hereafter. We must believe that there is a God almighty who oversees all our deeds. Because ideally, all activities we do should be based on the value of religion in terms of honesty and justice so that no one feels harmed (Fuad and Abdullah, 2017). Just like the valuation of biological assets using fair value, the company should present actual fair value and not feel the value of the asset for unilateral profit only. The more honest the company is

in presenting the value of biological assets, the higher the investor's confidence in instilling its shares into the company. Honesty becomes the foundation of human foundation in building a business. Without honesty, just as we cannot yet be ourselves Fuad and Abdullah (2017).

3.14 The Urgency Level of Biological Asset Transparency

Transparency is also one way to realize the responsibility of institutions or companies to stakeholders (Kusuma, 2012). Information presented honestly in financial statements will increase the trust of stakeholders. It should be in our business not only to pursue profit, but how the public or stakeholders can believe that the financial statements of the company's business activities are able to provide quality information and certainly do not contain elements of fraud that can mislead investors (Headquarters, 2014). Although the company uses fair value methods in determining the value of its biological assets that are considered a great opportunity in cheating but with an honest attitude it will create transparency in presenting financial statements. The Company must present the value of the in accordance with the actual reality, as well as all facts must be disclosed in order for financial information to be deemed not to mislead the user's financial statements.

IV. RESEARCH METHODOLOGY

4.1 Type and Location of Research

The research was conducted at PT PP London Sumatera Indonesia Tbk located in Bulukumba regency. The type of research used in this study is qualitative research. Qualitative research is a study that intends to understand phenomena about what research subjects experience such as behavior, perception, motivation, actions, etc. holistically, and by way of description in the form of words and language, in a special context that is natural and by utilizing various natural methods (Moleong, 2017: 6). The main purpose of qualitative research is to understand social phenomena or symptoms by providing exposure in the form of a clear depiction of the phenomenon or social symptoms in the form of a series of words that ultimately produce a theory (Sujarweni, 2014: 20). The approach used in this study is the case study approach. According to (Yin, 2015:1) says that case studies are a more suitable strategy when the point of a research question with regard to how or why and when the focus of its research lies in contemporary (present) phenomena in the context of real life.

4.2 Type and Resource of Research Data

In this study used secondary data, namely the 2019 annual report of PT PP London Sumatera Indonesia Tbk, which has been listed on the Indonesia Stock Exchange. This research data was obtained on the website of the Indonesia Stock Exchange, www.idx.go.id and various other relevant sources such as books related to research topics, journals, articles, as well as previous research discussing the accounting treatment of biological assets.

V. RESULT AND DISCUSSION

5.1 Accounting Treatment related to Recognition, Measurement, Presentation, and Disclosure of Biological Assets at PT PP London Sumatera Indonesia Tbk.

Biological assets are growing assets to provide agricultural products. According to Sayekti et al. (2018) says that biological assets are assets that have a period of transformation of growth. This transformation consists of growing, degenerate, and producing. In line with this, Fuad and Abdullah (2017) said that biological assets are assets in the form of plants and animals that are considered unique because they have unique aspects of transformation namely growth, degeneration, procreation, and production

- Recognition of Biological Assets

The recognition process is an early stage that affects the value of biological assets (Muhamada, 2020). Explained in the financial statement PT Lonsum explained that biological assets are recognized as Un yielding plants and Yielding Plants. Recognized as a crop has not produced if the asset is newly planted until the harvest stage, while recognized as a yielding plant if the asset has been harvested or already produced. PT Lonsum explained in its 2019 financial statement that:

“the plant has not produced recognized as much as the cost of acquisition which includes the accumulated cost of land preparation, seed planting, fertilization, maintenance, and other indirect cost allocation until the plant can be harvested or has produced. The plant has not produced any depreciation or amortization. While the resulting plant is recorded as the cost of acquisition up to the reclassification of productive crops has not been produced done and amortized by straight line method during the estimated economic benefit period of the main crops of palm oil and rubber with an economic lifespan of 25 years.”

- Measurement of Biological Assets

Measurement is the process of determining the amount of money to acknowledge and include every element of financial statements in financial position statements or income statements. Measurement is an important part of the accounting process in order to produce reliable and relevant information in economic decision making (Uzlifah et al., 2018). Based on the description of PT Lonsum:

"Business groups measure biological assets, including agricultural products from productive crops, at fair value each reporting date. Biological assets are declared at fair value minus the cost of selling. Gains or losses incurred at the initial recognition of agricultural products at fair value minus costs to sell and from changes in fair value minus costs to sell on each reporting date are included in the income statement in the period of comma. Fair value is the price that will be received from selling an asset or the price to be paid to transfer a liability in an orderly transaction between market participants on the date of measurement".

Fair value measurement assumes that a transaction to sell an asset or transfer liabilities occurs: in the primary market for that asset or liability. If there is no primary market, in the most profitable market for such assets or liabilities.

Here is an explanation of the measurement of biological assets performed by PT Lonsum:

"Productive plants have not produced a stated amount of acquisition costs which include the cost of accumulating land preparation costs, seed planting, fertilization, maintenance and other indirect cost allocation up to the time the plant in question is declared to produce and can be harvested. These costs also include the capitalization of borrowing costs and other costs in occurred in connection with funding the development of productive crops it has not yet generated. The capitalization of the loan load expires when the trees have yielded and are ready to be harvested. Productive plants have not produced un amortized".

As for the measurement of Yielding Plants described in PT Lonsum's annual report:

"Productive plant produce recorded amounts to accumulated acquisition costs up to the reclassification of productive crops have not been produced performed, and amortized by straight line methods during the estimated economic benefit period of productive palm oil and rubber crops of 25 years each. The recorded number of productive plants

is reviewed for impairment if there are events or changes in circumstances that indicate that the recorded amount may not be entirely realized".

- Presentation of Biological Assets

The presentation of assets is sorted by liquidity level or ease of turning into cash or based on useful times (Shakur, 2015:23). Biological assets consist of agricultural products grown on productive crops presented in the "Current Assets-Biological Assets" account in the consolidated financial position statements. Unproductive Plant are recognized as non-current assets in financial statements. Unproductive Plant will be classified as Plant Produce if it has been produced or can be harvested (Rachmawati., et al. 2019).

Based on the information in the financial statements PT Lonsum explains that:

"The company's biological assets in the form of plantation crops have not been produced and the yielding plants are presented in non-current asset accounts as fixed assets while biological assets in the form of Bunches of Fresh Fruit, rubber, and palm oil seeds are presented as biological asset accounts in the current asset category. Similarly, inventory accounts and non-current assets owned for sale are presented as current assets".

PT Lonsum presents biological assets in the current asset category when:

- a. Will be realized, sold or consumed in a normal operating cycle.
- b. To trade
- c. Will be realized within 12 months after the reporting date.

- Disclosure of Biological Assets

Disclosure is the most important part of financial statements in order to increase relevance (Fuad and Abdullah, 2017). PT Lonsum discloses information on the biological assets of plant produce and plants has not produced include:

- a. Types of biological assets.
- b. Basic measurements are used in determining the carrying number of biological assets.
- c. Depreciation methods used as well as the economic life of biological assets.
- d. The gross recorded amount is then accumulated with the depreciation amount at the beginning and end of the period.
- e. Reconciliation of amounts recorded at the end and beginning of the reporting period by indicating:

Asset addition, asset reduction/release, impairment of assets, and depreciation of assets.

5.2 Transparency of Biological Asset Accounting Treatment

The disclosed value of biological assets in financial statements equally appreciates the contribution of biological assets to the company. Related in this case is transparent behavior in presenting biological asset value information in financial statements. Transparency is an openness in providing material and relevant and accessible information (Hasniati, 2016). The criteria of transparency include: a) Easily accessible to interested parties, b) Easily understood clearly, c) True or not misleading (Main and Setiyani, 2014). Based on the information from PT Lonsum related to transparency in treating biological assets is considered to be in accordance with the needs of interested parties.

Based on the transparency criteria in general there are 3, the first. Accessibility, in this case PT Lonsum provides an official website for stakeholders in order to know the company's performance during a given year and can also facilitate investors in making economic decisions. Second, clear and easy to understand. PT Lonsum presents its financial statements in accordance with the applicable standards related to the treatment of biological assets, PT Lonsum regulates in such a way biological assets ranging from recognition to disclosure in financial statements. The third transparency criterion is true and not misleading, related in this case all information presented by PT Lonsum is true. This is explained in ptLonsum's annual report which explains that:

"Lonsum believes that the implementation of good corporate governance is the foundation for creating value in the long term for stakeholders. The Company conducts its business activities responsibly and ethically, in compliance with various provisions and regulations applicable in Indonesia. Lonsum Corporate Governance Policy is prepared based on the prevailing laws and regulations in Indonesia, the Company's Articles of Association "AD" and the principle of Good Corporate Governance "GCG" which prioritizes aspects of transparency, accountability, responsibility, independence and equality. In carrying out the principle of "GCG" the Board of Commissioners has established an Audit Committee responsible for carrying out supervisory duties and providing input to the Board of Commissioners regarding financial reporting, external auditor recommendations, SPI, compliance with applicable laws and risk management".

5.3 Al-Shiddiq Value-Based Biological Asset Accounting Treatment in Improving Transparency of Financial Statement Presentation of PT PP London Sumatera Indonesia Tbk.

All economic activities carried out by Muslims must be in accordance with the rules based on the Quran and Hadish (Fuad and Abdullah, 2017). Related in this case is how the company treats its biological assets in accordance with Islamic principles, especially in terms of measuring biological assets so as to determine the value of the asset sufficiently and accordingly its contribution to the company. Honesty is trusted to others that is confidential and must be conveyed to the entitled without being reduced or exaggerated (Fuad and Abdullah, 2017).

- Recognition of Al-Shiddiq Value-Based Biological Assets

The recognition of biological assets by PT Lonsum already reflects the transparency of asset recognition, in which case they recognize assets based on certain criteria. The recognition process is an early stage affecting the value of biological assets (Muhamada, 2020). In acknowledging its biological assets should also prioritize the principle of honesty especially in terms of plant inspection so that it deserves to be recognized as a quality biological asset and beneficial for the party that will buy or consume. Here is the information stated in PT Lonsum's annual report for 2019:

"Starting in 2019 SumBio conducts quality control of seed seeds through molecular analysis (DNA). Seed samples will be routinely monitored by genomic laboratories, all seed seeds have special markers using Ultra Violet (UV) technology. In order to improve harvest efficiency, Bah Lias Research Station (BLRS) continues research to create varieties where harvest time can be seen based on the discoloration of the fruit. In addition to producing quality products PT Lonsum also conducts crop protection by reducing the use of agro-chemical materials".

The same is also expressed in Lonsum's outlook for 2020 stated in the 2019 financial statement that:

"For rubber and cocoa commodities, activities will focus on a more effective approach to reducing pest and disease attacks".

From this, it can prove that PT Lonsum always strives to provide the best to consumers by maintaining the quality of its agricultural products so that it can benefit and certainly affect the company's performance and the trust of its stakeholders. With high product quality will certainly

increase sales volume so that the profit generated will be high and mutually beneficial between the company and the investor. We need to know that honesty is the key to one's success in carrying out the task of being a Kholifah on the face of the earth and being a major pillar in business activity (Headquarters, 2014).

- Biological Asset Based Measurement Al-Shiddiq Value

Measurement is an important part of the accounting process in order to produce reliable and relevant information in economic decision making (Uzlifah et al., 2018). After the recognition stage needs to be taken measurements because the two things are interconnected because the aspects that have been recognized need to be known its value (Muhamada, 2020). We can tell that the value of the asset in 2010 will be different in value when assessed in 2020 so, the right method of determining the value of the asset. In line with the explanation in PT Lonsum's financial statements:

"The measurement of assets that use fair value is accompanied by engaging external assessors in terms of valuation of significant assets, especially biological assets. The involvement of external assessors is determined yearly by the Assessment Committee after it is discussed and approved by the Board of Directors of the Company. Selection criteria include market knowledge, reputation, independence, and ability to comply with professional standards. The assessment and input methods used are discussed and decided jointly by the Business Group and external assessors".

In that way it certainly increases transparency in financial statements. Although many consider that fair value valuations still contain fraud, PT Lonsum instead engages the external to assess the biological assets after the company takes measurements so as to show the real value of biological assets in financial statements.

- Presentation of Al-Shiddiq Value based Biological assets

An object can be refer to as an asset when it has three main characteristics, namely having an economic lifespan controlled by the company and arising as a result of past events. Assets are presented in a company's financial position or balance sheet report. The presentation of assets is sorted by liquidity level or ease of turning into cash or based on useful times (Shakur, 2015:23).

The company's biological assets in the form of plantation crops have not been produced and the produce plants are presented in non-current asset accounts as fixed

assets while biological assets in the form of Fresh Fruit Bunches, rubber, and palm oil seeds are presented as biological asset accounts in the current asset category. Similarly, inventory accounts and non-current assets owned for sale are presented as current assets. PT Lonsum presents biological assets in the current asset category when:

- a. Will be realized, sold or consumed in a normal operating cycle.
- b. To trade.
- c. Will be realized within 12 months after the reporting date.

The process of presenting biological assets in PT Lonsum's financial statements already shows aspects of *transparansi* because they group assets based on certain criteria based on their liquidity level. When the asset is harvested then produces agricultural products then the product is in the category of current assets or liquidity levels are higher, while assets that have not produced are categorized as non-current asset because they are not ready to be harvested or have not produced agricultural products. In presenting biological assets it should be considered with reference to the stage of change that occurs as well as its benefit period (Listyawati and Firmansyah, 2018). PT Lonsum presents mutations in the carrying amount of biological assets between the beginning and end of the period. The mutation indicates that:

- a. The addition of assets is a result of a combination of businesses.
- b. There is additional consequences of the purchase.
- c. Any reduction or release of assets.
- d. A decrease in the value of assets as a result of depreciation.

PT Lonsum presents its biological assets in the form of agricultural products bunches of fresh fruit, rubber, and palm oil seeds into the current asset category with the account name biological asset stipulated at fair value minus the cost to sell. Profits and losses incurred at the initial recognition of agricultural products at fair value minus costs to sell and from changes in fair value minus costs to sell from biological assets on each reporting date are included in the profit or loss period of the onset.

- Biological Assets Disclosure based AI-shiddiq Value

Entity need to disclose their biological assets in financial statements in order to appreciate the contribution of assets to the company. Sa'diyah et al. (2019) says that in to show the value of biological assets in a company, the company needs to disclose financial information submitted through its annual report. Based on the information in PT

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Lonsum's annual report the disclosure of its biological assets includes:

- a. Detail of the type and number of plants produced and have not yet produced
- b. Use a straight line method in its depretiation
- c. The benefit period for palm oil and rubbers corps is 25 years
- d. Gross accumulated depreciation/amortization at the end and beginning of the period.
- e. The reconciliation of the final recorded amount and the beginning of the period indicates that:
 - Additional business combinations and purchasing.
 - The reduction or release of biological assets
 - There is a decrease in value due to harvesting and depretiation.
- f. Other disclosure.

The crop of plants managed by the entity is then recognized as a product of inventory, the product of inventory was ready for sale is then used as raw material from the production process at a cost when obtained. Based on the information in the financial statements PT Lonsum explains that:

"Biological assets are disclosed in financial statements start from classification of biological assets, number of biological assets, depreciation methods using straight line methods, economic benefits and depreciation rates used, gross recorded amounts of accumulated depreciation, mutation or reconciliation resulting from addition, reduction, impairment, and depreciation of assets".

The information above has shown that the accounting treatment of PT Lonsum in terms of disclosure of its biological assets is in accordance with the financial standards of PSAK 69. But not only focusing on existing standards, the company also considers from the sharia side that its main orientation is not always focused on profit but more on the common interests between the company and stakeholders. It says the entity goes public, the entity maintains good relations with the owners of the capital. The stakeholder relations division proactively communicates material achievements and other information on a regular and reputable nature to analysts and investors.

In terms of employee wages, the company discloses it in its annual report explaining that:

"All employees earn equal or above the minimum wage in each region, and receive various benefits and incentives, receive facilities for access to health, education, and more. The structure and scale of

employee salaries is determined based on performance, level of experience, position, and competency".

This shows that the company always considers the interests of employees by treating them fairly and providing wages in accordance with the criteria set by the company so that no party feels harmed. Because ideally, all activities carried out should be based on Islamic values both in terms of honesty and justice so that no one feels harmed (Fuad and Abdullah, 2017).

VI. CONCLUSION

Based on the results of the analysis conducted at PT London Sumatera Indonesia Tbk, it can be concluded that PT Lonsum has used Financial Accounting Standard Statement 69 (PSAK 69) as the standard of accounting treatment of its biological assets. Starting from recognition, measurement, presentation and disclosure of biological assets has been in accordance with PSAK 69, but except for depreciation of biological assets. PT Lonsum shrinks crops producing or benefiting the company and is also able to produce agricultural products while for PSAK 69 does not recognize any depreciation of biological assets. PT Lonsum is depreciation due to the consideration that biological assets undergo a period of transformation so that they will change in value at all times both qualitative and quantitative. Reviewed from the sharia side PT Lonsum has conducted its accounting activities by prioritizing aspects of transparency, accountability, responsibility, independence, and equality.

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