Analysis of the Implementation Impact of Financial Accounting Standards on Entities without Public Accountability in Sharia Real Estate Companies

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Abstract. This study aims to investigate the application of revenue recognition based on the Financial Accounting Standards for Entities without Public Accountability in Sharia real estate companies and its impact on their financial performance. The key inquiries of this study revolve around understanding how revenue recognition is implemented in accordance with the Financial Accounting Standards for Entities without Public Accountability in Sharia real estate companies and how this application influences their financial performance. To address both questions, a quantitative descriptive method is employed, focusing on Sharia real estate companies affiliated with the Developer Property Syariah (DPS) within the South Sulawesi Province of Indonesia. The significance of this study lies in its contribution to fostering financial literacy among stakeholders in Sharia real estate companies, enabling them to prepare financial reports in compliance with financial accounting standards. PT ABC's adoption of Financial Accounting Standards for Entities without Public Accountability influences company performance based on ratio analysis. There was a significant improvement in financial performance for the company after the adoption of Financial Accounting Standards for Entities without Public Accountability on liquidity ratios, profitability ratios, and solvency ratios.

Keywords: Sharia Real Estate Companies, revenue recognition, SAK ETAP, ratio analysis

1 Introduction

Companies in the growth phase require a sustained increase in revenue [1], [2], [3]. The resilience of profits and assets is evidenced by stable income [4], [5]. It is from revenue that the potential for profits and assets is derived, allowing companies to endure in their early operational stages. Several financial performance indicators are calculated based on revenue [6], [7], particularly in relation to profitability ratios [7]. Therefore, revenue often serves as a measure of a company's financial health and its ability to endure over the long term. Errors in measuring and recognizing revenue in a given period can lead to biased conclusions for company stakeholders. For management, a company's strategy greatly depends on the level of revenue achievement over time in previous periods,

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serving as a crucial planning indicator for the future [7], [8]. This heavily hinges on how a company applies revenue recognition methods.

For real estate companies in general, the application of revenue recognition methods in a company's financial statements significantly impacts the overall financial reporting [9]. Revenue recognition can either overstate or understate net profit. Providing quality financial reports will make this business grow and attract more public interest. Over the past decade, the emergence of Sharia-compliant real estate business models has provided more alternatives for people to choose property schemes and products that align with their beliefs and consumer preferences [10], [11]. Generally, this business model involving Islamic banking [12]. If consumers wish to make installment purchases, they can directly transact with the property developer. This uniqueness necessitates careful financial reporting by Sharia-compliant real estate companies, ensuring adherence to financial accounting standards.

Since this industry is relatively new [13], there are fewer Sharia-compliant real estate companies compared to conventional real estate companies. Consequently, there are no Sharia-compliant real estate companies listed on the Indonesia Stock Exchange with public accountability. The Indonesian Institute of Accountants regulates accounting standards for companies without public accountability through the Financial Accounting Standards for Entities without Public Accountability [14].

This study falls within the scope of financial accounting research, as it tests the application of accounting standards and methods within the realm of financial accounting. The research focuses on Sharia-compliant companies, which may lead to future studies on the implementation of Sharia-compliant financial accounting standards. Based on this premise, this study intends to investigate the impact of implementing financial accounting standards for entities without public accountability on Sharia-compliant real estate companies.

2 Theoretical Review

2.1 Sharia-Compliant Real Estate Industry

Within the Indonesian economy, the Sharia-compliant real estate sector has exhibited a remarkable trajectory of growth and expansion [15]. This phenomenon has stirred a myriad of inquiries among diverse stakeholders, particularly prospective consumers and property entrepreneurs, prompting an exploration into the underlying factors that fuel this growth. Consequently, the intricacies of Sharia-compliant real estate have garnered increasing attention in public discourse.

As elucidated by the Indonesian Sharia Property Developer Association, a segment of the population associates Sharia real estate with distinct characteristics, such as Islamic-themed nomenclature [16], [17]. Alternatively, some envision Sharia real estate as properties uniquely designed with Islamic architectural elements, often adorned with city cluster names reminiscent of the Middle East. These properties are frequently set in residential environments that provide a range of amenities, including mosques, Quran memorization facilities, and various other Islamic features.

In addition, a prevalent misconception suggests that Sharia real estate transactions are conducted through Islamic banking channels [12]. It is not uncommon for individuals to assume that marketing and post-sales services within the Sharia real estate sector are overseen by personnel dressed in Islamic attire, and that the office environments maintain a similar thematic decor. Furthermore, there exists a prevailing notion that Sharia real estate products are competitively priced, often below the market average when compared to conventional real estate offerings.

This study focuses on a specific category of Sharia-compliant real estate that may not entirely align with the aforementioned characteristics. The Sharia real estate model under examination is rooted in a property-based business framework, a practice championed by the *ADPS*. Its primary distinction lies in the management of transactions, eschewing any involvement with banking institutions, whether of a conventional or Sharia-compliant nature. This approach is underpinned by the belief that the real estate business management hinges on the transactional framework established between the property developer and the consumer, an aspect frequently intersecting with a central tenet of Islamic law, the prohibition of usury (*riba*). Table 1. provides a comprehensive overview of these distinctions, demarcates Sharia-compliant real estate from its conventional counterpart.

Table 1. Differences between Sharia Real Estate and Conventional Real Estate.

Element	Sharia Real Estate	Font size and style
Type of contract	Buy and sell	Usurious (riba) debt
Credit Scheme	Via developer	Via banking
Source of income	Profit margin	Debt interest
Consumers are in arrears	No fines	Fines
Consumer pay promptly	No penalty	Penalty
Installments stalled	No confiscation	Confiscation
Insurance	Without insurance	With insurance
Contract variance	Without *batil* contract	Including *batil* contract

The inability to distinguish between these two types of real estate has led to misconceptions within society, resulting in confusion during transactions [18]. Those seeking Sharia-compliant transactions often make errors due to these misunderstandings. Conversely, those opposed to the Sharia concept use negative cases associated with Sharia as a basis for criticizing it.

In reality, these perceptions often arise from misunderstandings about the Sharia concept [18], [19], or it could be a situation where the concept itself is correct, but the parties executing it lack competence and trustworthiness, leading to the misconception that Sharia itself is flawed.

According to Sharia expert KH. M. Shiddiq Al Jawi, there are three reasons for the prohibition of using conventional mortgage loans [16], [17]. Firstly, riba (interest) is involved in transactions between customers and banks, which is deemed haram as stated in the Quran (2: 275) regarding the prohibition of *riba* [20]. Secondly, customers

use the purchased property as collateral or *rahn*, which, from a Sharia perspective, is prohibited according to the opinions of scholars such as Imam Syafi'i, Imam Ibnu Qutadah, Imam Ibnu Hajar Al Haitami, and Imam Ibnu Hazm. Thirdly, banks impose penalties if customers breach their credit agreements, and these penalties are, in essence, considered *riba* because they are additional charges applied to the principal debt.

2.2 Revenue

Revenue is the outcome of transactions involving the sale of goods or services by a company to external parties during its normal course of business within a specific timeframe. The profitability of a company relies heavily on the amount of revenue it generates. As per the Indonesian Financial Accounting Standards, revenue represents income derived from the execution of normal entity activities, commonly referred to as sales, service income, interest, dividends, royalties, and rentals.

Revenue/income is the total economic benefits generated during a period within the regular operations of an entity when these benefits contribute to equity growth, excluding contributions from equity participants [21]. Real estate companies primarily acquire their revenue from property sales to consumers. The Indonesian Institute of Accountants regulates the accounting principles for revenue across various user segments. For companies with public accountability, they are mandated to abide by Statement of Financial Accounting Standards 72, which deals with Revenue from Customer Contracts, previously covered under Statement of Financial Accounting Standards 44 on Accounting for Real Estate Development Activities. In Indonesia, however, there are currently no Sharia real estate companies with public accountability. Consequently, they have the option to follow Financial Accounting Standards for Entities without Public Accountability, a simpler framework compared to Statement of Financial Accounting Standards 72.

Revenue from contractual entities must be measured based on the fair value of payments received or yet to be received, excluding volume discounts and sales rebates [14]. Entities should recognize in revenue the economic benefits received or yet to be received on a gross basis. However, amounts collected on behalf of third parties, such as sales tax, value-added tax, and goods and services tax, should be excluded from revenue. In agency relationships, entities should include in revenue only the commission amount. Any amounts received on behalf of the principal are not considered revenue for the entity.

Furthermore, Financial Accounting Standards for Entities without Public Accountability specifies guidelines for companies engaged in construction contracts. If the outcome of a construction contract can be estimated reliably, entities must recognize revenue and related contract costs as revenue and expenses adjusted to the level of contract activity completion at the end of the reporting period (often referred to as the percentage-of-completion method). Reliable outcome estimates require consideration of the degree of completion, future costs, and the collectability of billings.

2.3 Financial Performance

One of the primary forms of accountability for a company is the presentation of its financial performance based on periodically prepared financial statements [22], [23].

Financial performance reflects the financial condition of a company [24], achieved through financial analysis tools, enabling an evaluation of whether the company's financial health is favorable or unfavorable and indicating its operational performance. Therefore, financial statement instruments are crucial for dissecting and analyzing overall financial performance [22], [23], [24]. We can ascertain whether a company is in good health or otherwise through indicators such as trend analysis, ratios, industry comparisons (benchmarking), and more. Information about an entity's financial position, performance, and cash flows is valuable for a diverse range of users in making economic decisions [21], [25].

One method of financial performance is by conducting financial ratio analysis formulated based on the comparison of financial data in financial statements, such as balance sheets, income statements, cash flow statements, and equity statements [26]. Financial ratio analysis involves evaluating various financial ratios [26]. Financial ratios entail comparing figures in the financial statements by dividing one figure by another, either within the same financial statement or across different financial statements [27]. Financial ratios used to measure financial performance encompass liquidity ratios, solvency ratios, and profitability ratios [28].

Liquidity ratios offer insights into a company's ability to meet its short-term obligations [29], [30]. These ratios are typically considered by creditors when granting loans to a company. Liquidity ratio types include the current ratio, quick ratio, cash ratio, cash turnover ratio, inventory to net working capital ratio [27]. In this study, the reference liquidity ratio is the current ratio. This ratio is widely employed to assess a company's capacity to meet its short-term obligations by evaluating how far the claims of short-term creditors are covered by assets expected to turn into cash within the same period as the due date of the liabilities [26].

Conversely, solvency ratios assess the level of protection for investors and creditors in the long term. These ratios are also used to gauge a company's ability to settle all its liabilities, both short-term and long-term, when the company undergoes liquidation [27]. Similar to liquidity ratios, solvency ratios are considered by creditors when providing loans to a company [31]. Solvency ratio types encompass the debt-to-asset ratio, debt-to-equity ratio, long-term debt-to-equity ratio, tangible assets debt coverage, current liabilities to net worth, and others [27]. In this study, the solvency ratio used is the debt-to-asset ratio, also known as the debt ratio. This type was selected as it provides an overview of the comparison between total liabilities and total assets, thereby determining whether a company's assets are deemed sufficient or insufficient to meet all its obligations. This ratio can also be employed to gauge the extent to which a company's assets are financed by debt [26].

Profitability ratios, on the other hand, are used to measure a company's success or failure during a specific period. Profitability ratios are employed to assess a company's ability to generate profit [27]. Profitability ratios are among the most commonly utilized ratios by both investors and creditors to evaluate a company [32]. Profitability ratio types include the profit margin ratio, consisting of gross profit margin and net profit margin, return on investment (ROI), return on equity (ROE), and earnings per share of common stock [27]. In this study, the profitability ratio used is the net profit margin

ratio. This ratio was chosen because it is one of the significant ratios for predicting profit growth [33].

3 Research Method

The study employed descriptive quantitative, providing a systematic explanation of the variables under investigation. The study conducted in Makassar city, Indonesia. The data collected through financial report (2021) of PT ABC, member of Sharia-compliant real estate companies. The data used is quantitative and data source is primary data, consisting of customer contracts and financial reports from Sharia-compliant real estate that are members of the Indonesian Sharia Property Developer Association in the South Sulawesi region.

The data collection method involved documentation based on primary data in the form of financial reports of Sharia real estate companies, sales contracts, and other relevant documents. Documentary research is a data collection process where the researcher gathers and analyzes relevant data or information from essential documents [34]. The documentation study technique is a method of data collection conducted through the arrangement and organization of written documents related to the research issue, sourced from books, magazines, journals, and more, resulting rich descriptions [34], [35].

The data analyzed through quantitative descriptive analysis, involving the following steps: 1) identifying the types of contracts with customers in Sharia real estate companies; 2) identifying the recognition of revenue in their financial reports; 3) analyzing the implementation of revenue recognition in accordance with Financial Accounting Standards for Entities without Public Accountability; 4) conducting financial performance analysis by calculating liquidity ratios, profitability ratios, and solvency ratios; and 5) analyzing and interpreting the impact of applying revenue recognition under Financial Accounting Standards for Entities without Public Accountability on a company's financial performance.

4 Result and Discussion

4.1 Identifying the Types of Contracts and the Recognition of Revenue

PT ABC generates its primary revenue as a Sharia real estate developer through the sale of buildings, including villas, and individual land plots in the PT ABC tourist area. According to the deed of sale and purchase agreement between the company and consumers, the company sells a land plot and building to the consumer for a total price of IDR 211,200,000.00 with a promotional program discount of IDR 2,695,000.00, resulting in a net value of IDR 208,505,000.00.

The payment scheme agreed upon is as follows:

1. Down payment 1 amounting to IDR 24,750,000.00 at the time of contract signing.
2. Down payment 2 amounting to IDR 24,750,000.00 on September 22, 2021.

3. Instalments of IDR 2,695,000.00, payable 59 times, starting on the 22nd day of each subsequent month.
4. The revenue recognition scheme for the sale of land plots and building units to consumers shown in Table 2.

Table 2. Differences between Sharia Real Estate and Conventional Real Estate.

Transaction	Journal	Amount (IDR)	
Down Payment 1	Cash in Bank	24.570.000	
	Down Payment		24.750.000
Down Payment 2	Cash in Bank	24.570.000	
	Down Payment		24.750.000
Sale & Purchase Agreement*	Down Payment	49.500.000	
	Accounts Receivable	159.005.000	
	Down Payment		208.505.000
Installment before Sale & Purchase Agreement**	Cash in Bank	2.659.000	
	Down Payment		2.659.000
Installment after Sale & Purchase Agreement**	Cash in Bank	2.659.000	
	Accounts Receivable		2.659.000

* The amount of the down payment and instalments that the consumer has paid

** Unit handover is not journalized

The management recognizes revenue based on practical considerations linked to tax obligations. According to tax regulations concerning the obligation to pay Article 4 (2) Final Income Tax for the transfer of land and/or buildings, a 2.5% tax rate is applied to the transfer value before the deed of transfer is signed.

As a consequence of this accounting scheme, no revenue was recognized by management in the financial statements as of December 31, 2021, due to the pending signing of the notarial sale and purchase agreement between management and consumers before a notary. This delay is caused by the ongoing certificate splitting process by the local National Land Agency.

This treatment also results in the presentation of the Sales Down Payment account in the Balance Sheet for the amount received from consumers who have signed the deed of sale and purchase agreement but have not yet signed the notarial sale and purchase agreement. This method is implemented to avoid any misunderstanding with tax authorities concerning the company's annual tax reporting. If management presents the Business Revenue account according to the amounts received from consumers who have signed the deed of sale and purchase agreement, they would be obligated to pay income tax on the transfer of land and buildings based on the sales value reported in the Income Statement.

Sharia real estate companies have specific characteristics, particularly in the way consumer instalment payments are made directly to the developer rather than through conventional banking institutions. This arrangement means that the revenue from sales is not received in its entirety by the company. In conventional real estate companies, the business process is simpler because they receive the sales proceeds from the bank

in a lump sum, and consumers subsequently make their instalment payments to the bank.

According to tax regulations, there is another option regarding the timing of the obligation to pay income tax – it can be due upon the receipt of income. In this scenario, the advance payments or instalments are paid directly by the consumers. However, this option is not administratively practical for either the developer or notaries and public land deed officials, who typically handle the administrative procedures in the notarial sale and purchase agreement between the developer and consumers, including the administration of Final Income Tax.

4.2 Analysing the Implementation of Revenue Recognition

The Financial Accounting Standards for Entities without Public Accountability are intended for use by entities without public accountability. Entities in this category are those that: "do not have significant public exposure", and Issue financial statements for general purpose financial reporting to external users. External users include owners who are not directly involved in the management of the business, creditors, and credit rating agencies.

Entities have significant public accountability if: "the entity has filed or is in the process of filing a registration statement with the capital market authority or another regulator for the purpose of issuing securities in the capital market, or the entity holds assets in a fiduciary capacity for a large group of stakeholders, such as banks, insurance entities, securities brokers or dealers, pension funds, mutual funds, and investment banks."

Entities with significant public accountability can use Financial Accounting Standards for Entities without Public Accountability if authorized regulations allow them to do so. PT ABC is a company that does not have significant public accountability, and therefore, they can use Financial Accounting Standards for Entities without Public Accountability as a reference in preparing their financial statements.

According to Financial Accounting Standards for Entities without Public Accountability [14], an entity must recognize revenue from a sale of goods if all of the following conditions are met: 1) the entity has transferred the significant risks and rewards of ownership of the goods to the purchaser, 2) the entity does not maintain or continue either managerial involvement to the degree normally associated with ownership or effective control of the goods sold, 3) the amount of revenue can be measured reliably, 4) the economic benefits associated with the transaction will probably flow to the entity, 5) costs that have been or will be incurred in connection with transactions can be measured reliably.

PT ABC carries out three important stages in the process of selling building units to consumers. At these three stages, PT ABC carries out formal interactions with consumers with their respective consequences. These processes are:

1) The Deed of Sale and Purchase Agreement

The purpose of the deed of sale and purchase agreement is to bind the prospective seller so that at the agreed time he has sold his property/rights to the prospective buyer. At the same time, the agreement also binds the prospective buyer to purchase

objects/rights belonging to the prospective seller, in accordance with the provisions agreed upon by the parties. The deed of sale and purchase agreement is the initial binding between the developer and the consumer in the transfer of property. There is a deed of sale and purchase agreement which is stated in a notarial deed/the Land Deed Official. There are also those that are legalized or registered by a notary/the Land Deed Official. However, there are the deed of sale and purchase agreement's that are not ratified by a notary so they are categorized as private agreements. The contents of the agreement on the deed of sale and purchase agreement include a sale and purchase agreement, down payment, payment scheme, payment period, legality process, and handover process.

The deed of sale and purchase agreement at PT ABC is carried out with a contract that refers to Islamic Sharia rules, namely the istishna' contract. The istishna' contract is a customary contract that binds both parties and cannot be cancelled except by both parties, whether the object of the contract has not been built or is being built. So that both developers and consumers understand the sharia consequences of this contract.

PT ABC carries out the deed of sale and purchase agreement internally with consumers because the object of the contract is still in the development process and this type of contract is strong enough to bind the agreement with consumers. In the attached the deed of sale and purchase agreement, the sale and purchase agreement is regulated, object specifications (building units), transaction price, payment method, payment period, and handover mechanism and schedule, as well as articles on cancellation of the contract. There has not yet been an explicit schedule for signing the sale and purchase deed, however, the notarial sale and purchase agreement can legally be carried out if all consumer payment obligations have been fulfilled.

2) The Notarial Sale and Purchase Agreement

Decree of the Minister of State for Public Housing Number 09/KPTS/M/1995 concerning Guidelines for Binding the Sale and Purchase of Houses, which states that the notarial sale and purchase agreement must be signed by the seller and buyer in the presence of the Land Deed Official, in the case of: 1) the house building has been completed and is ready to be occupied; 2) the buyer has paid in full the price of the land and house building, as well as taxes and other related costs; and 3) the application process for Ownership/Building Use Rights on the land has been completed, and the Ownership/Building Use Rights certificate is registered in the name of the seller.

At PT ABC, the notarial sale and purchase agreement will be carried out after the completion of the certificate splitting process, even though construction has not been completed. The construction as stated in the deed of sale and purchase agreement will be completed within 24 months after the down payment is paid. After the construction is complete, the unit handover process is carried out.

3) Unit Handover

The handover of the unit is carried out by signing a handover report between the developer and the consumer. The handover is carried out after the construction of the unit is completed and the supporting legal documents have been signed in the form of the deed of sale and purchase agreement. Handover can be carried out even if the notarial sale and purchase agreement process has not been completed if there are problems with the certificate splitting process.

The notarial sale and purchase agreement process will further perfect the legal transfer of ownership rights and control rights to the building units being transacted. This means that all obligations of both parties have been fulfilled. This notarial sale and purchase agreement then becomes the basis for processing ownership certificates for buyers.

Table 3. Stages of Implementing PT ABC's Revenue Recognition.

Activity	Stages			Amount (IDR)
	The Deed of Sale and Purchase Agreement	The Notarial Sale and Purchase Agreement	Handover	
The entity has transferred the significant risks and rewards of ownership of the goods to the purchaser	Fulfilled	Fulfilled	Fulfilled	The developer has transferred risks and benefits along with the number of installments that have been paid
The entity does not maintain or continue either managerial involvement to the degree normally associated with ownership or effective control over the goods sold	Fulfilled	Fulfilled	Fulfilled	The deed of sale and purchase agreement contract is binding on both parties and is valid before positive law and sharia
The amount of revenue can be measured reliably	Fulfilled	Fulfilled	Fulfilled	The transaction amount has been clearly stated in the deed of sale and purchase agreement
There is a high probability that the economic benefits associated with the transaction will flow to the entity	Fulfilled	Fulfilled	Fulfilled	By implementing the deed of sale and purchase agreement, consumers are bound by a binding agreement and payment scheme
Costs that have been or will be incurred in connection with transactions can be measured reliably.	Fulfilled	Fulfilled	Fulfilled	Developers can quantify the value to be incurred in connection with these transactions

4.3 Financial Performance by Ratio Analysis

Measuring the company's financial performance is carried out using the ratio analysis method which is related to changes in revenue recognition based on Financial Accounting Standards for Entities without Public Accountability. The ratio calculation aims to analyze the effect of implementing revenue recognition based on Financial Accounting Standards for Entities without Public Accountability on the financial performance of Sharia real estate companies.

The types of ratios that will be calculated include: liquidity ratio (cash ratio and current ratio), profitability ratios (net profit margin and return on assets), and solvency ratios (debt to asset ratio and debt to equity ratio). Based on PT ABC's financial reports before and after the implementation of Financial Accounting Standards for Entities without Public Accountability, financial ratio were presented in the following table:

Table 4. PT ABC Financial Ratios.

Ratio type	Formula	Before adoption	After adoption
Cash ratio	$\frac{cash}{current\ liabilities}$	0,34	0,75
Current ratio	$\frac{current\ assets}{current\ liabilities}$	0,54	1,41
Net profit margin	$\frac{net\ profit}{revenue}$	0	35%
Return on assets	$\frac{net\ profit}{total\ assets}$	-52%	28%
Debt to equity ratio	$\frac{total\ liabilities}{total\ equity}$	-307%	208%
Debt to asset ratio	$\frac{total\ liabilities}{total\ assets}$	148%	68%

In Table 4, the results are presented that PT ABC's financial ratios before and after implementing Financial Accounting Standards for Entities without Public Accountability are significantly different. The cash ratio and current ratio are increased. Respectively 0.75 and 1.41 times after implementing Financial Accounting Standards for Entities without Public Accountability.

As for the profitability ratio, namely net profit margin and return on assets, it was obtained at 35% and 28% after implementing Financial Accounting Standards for Entities without Public Accountability. These results indicate that revenue recognition based on Financial Accounting Standards for Entities without Public Accountability has a positive impact on company profitability. Meanwhile, the debt to equity ratio and debt to asset ratio obtained results of 208% and 68% respectively. This means that 208% of every IDR1,00 of own capital is used as collateral for debt. Meanwhile, 68% of each asset is used to guarantee debt. This value significantly decreased after the

company implemented Financial Accounting Standards for Entities without Public Accountability due to a decrease in the value of down payments for purchases.

5 Discussion

Based on the ratio analysis carried out, the company achieved quite significant improvements after adopting Financial Accounting Standards for Entities without Public Accountability in implementing its revenue recognition. This is caused by several factors:

1) There was recognition of revenue amounting to IDR 8,060,705,973.00 in the period 1 January 2021 to 31 December 2021, which before the adoption of Financial Accounting Standards for Entities without Public Accountability had not been recognized at all due to the delegation of the notarial sale and purchase agreement 's legalities not having been carried out. However, there is already an agreement in the form of the deed of sale and purchase agreement which binds both the developer and the consumer so that there is a transfer of risks and benefits along with the payments or installments made by the consumer. This revenue value affects the company's net profit margin in 2021.
2) There was an increase in net profit to IDR 2,841,730,481.00 from the previous loss of IDR 5,218,975,492.00 in the 2021 period as a result of revenue recognition after the adoption of Financial Accounting Standards for Entities without Public Accountability. This change affects profitability ratios, namely net profit margin and return on assets.
3) There was a decrease in current liabilities and total liabilities due to a decrease in sales advances in the company's financial statements. This is the effect of recognizing revenue which was previously recognized as an advance on sales. The value of the decrease in sales advances and total liabilities is equal to the value of the increase in revenue. This change affects profitability and solvency ratios, namely cash ratio, current ratio, debt to equity ratio, and debt to asset ratio.
4) There was an increase in total equity equal to the increase in net profit. This change also occurred as a result of revenue recognition by Financial Accounting Standards for Entities without Public Accountability. This increase affected the debt to equity ratio from -307% to 207%.

These four factors make quite significant changes to the assessment of an entity's financial performance based on the ratio analysis method. The company's financial performance improved after adopting revenue recognition based on Financial Accounting Standards for Entities without Public Accountability.

This change occurred because the company had to recognize significant revenue and had an impact on increasing net profit and equity. On the other hand, the amount of current debt decreases due to revenue recognition. Financial accounting standards for entities without public accountability [14] requires companies to recognize revenue when there has been a transfer of risks and benefits as fulfilled in the company's deed of sale and purchase agreement with consumers. This method cannot accommodate revenue recognition using the completed contact method as described in Financial

Accounting Standards for Entities without Public Accountability [14] because the company's financial information was unable to provide reliable estimates regarding the level of completion, future costs and collectability of account receivable.

This research encourages all sharia real estate companies or those that have similar business processes to adopt financial accounting standards for entities without public accountability in preparing their financial reports, especially in the treatment of recognition and measurement of revenue.

6 Conclusion

This study was conducted within a Sharia-compliant property development company, which is a member of the Indonesian Developer Properti Syariah. PT ABC, the case study of this investigation, operates in the development and promotion of a tourism area, offering villa-style accommodations and tourism facilities within the Maros Regency.

PT ABC has not recorded revenue according to Financial Accounting Standards for Entities without Public Accountability. Revenue in 2021 should match the five criteria for Financial Accounting Standards for Entities without Public Accountability revenue recognition. During 2021, the deed of sale and purchase agreement was signed between the developer and the consumer indicating the feasibility of revenue recognition. PT ABC's adoption of Financial Accounting Standards for Entities without Public Accountability greatly influences the assessment of company performance based on ratio analysis. There was a significant improvement in financial performance for the company after the adoption of Financial Accounting Standards for Entities without Public Accountability on liquidity ratios, profitability ratios, and solvency ratios.

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