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## **An Empirical Study on Accounting Treatments of Corporate Social Responsibility Fund to Measure Local Government's Financial Performance**

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### **ABSTRACT**

Corporate Social Responsibility (CSR) is one of types of corporate concerns to its environment. In implementing CSR, company can choose to work together or establish a cooperation with region / local government. Some CSRs are in the form of grants to the local government, such as buildings and operational vehicles. This forms need to be reported to both company's side and the local government's side. So far, Indonesia Accounting Standard only regulates reporting standards for the ompany, not for the local government. This condition causes the local government discloses the CSR fund with some difference methods. The accounting method used in giving accounting treatment to CSR fund makes government disclose based on the financial statement which cannot be measured properly. This study explores the accounting methods applied by some local governments and analyzes the implications of them to financial performance. Furthermore, the researchers also treat the transactions in accordance with the related standards, such as standards for financial statements, Balance Sheet, Budget Realization Report, Operational Report, Income and Fix Asset (Report). The objective of this study is to analyze the implication of local government reports with or without disclosures of CSR fund to their financial performance measurement. The finding shows that the financial statement with disclosures of CSR fund has better performance indicators compared to the one without disclosures.

**Keywords:** Corporate Social Responsibility, accounting treatment, financial statement, accounting standard, financial performance measurement



