

**ACCOUNTING IN CONTEMPORARY ISLAMIC BANKS**Nashwan Aldouryn<sup>1</sup>**ABSTRACT**

Islamic banking is a structure that has started to be followed recently by all the countries of the world and is seen as an alternative banking system in non-Muslim countries. The Islamic economy and any kind of transactions that will be discussed in the Islamic economy and finance index are made possible by the realization of the interest-free economic activities. Meanwhile, the interest that attracts the most attention in commercial and financial transactions is the inside interest factor. The interest rate approach is considered as one of the most important principles in the disrupted Islamic financial transactions. The basis of the Islamic religion is the foundation of Islamic economy. The fact that the interest, which is the basis of the world's financial ecosystem, has been harmed by our religion has caused Muslim societies to create a separate financial ecosystem.

This financial system, known as Islamic Finance in the rest of the world, is pronounced as participation banking in our country. These financial institutions are free of interest from other financial institutions due to interest-free transactions in accordance with Islamic principles. Participation banks serve the customers in the current system with methods that are appropriate to the Islamic principles or the methods they have developed, and thus, the idle funds that try to avoid interest are brought into the economy.

In this study, financial accounting and its beginnings, functions of financial accounting Differences between dividend and interest according to Islamic banks, the concept of accounting in Islam, its origins, beginning and applications, the concept of the bank in Islam. Foreign trade financing, 2-numbered financial accounting standards, mudarebe, interest-free banking issues were examined and detailed.

**Key Words:** MURABAHA, MUSHARAKAH, MUDARABA, ALMAL AND RIBA.

**JEL CODE:** M410, M490, M100.

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## 1. INTRODUCTION

Islamic banking is a structure that has started to be followed recently by all the countries of the world and is seen as an alternative banking system in non-Muslim countries. In the context of Islamic economy and finance, all kinds of transactions should be implemented within the framework of Islamic rules. The Islamic economy is to make interest-free economic activities possible. At this point, the most striking factor in commercial and financial transactions is the *adi interest siz* factor. Therefore, the lack of interest in Islamic financial transactions is seen as one of the most important principles. In fact there is not interest on the basis of Islamic finance transactions and that the work ethic is based on the Islamic religion is the basis of the Islamic economy.

Although the concept of Islamic finance is not a religious product, it meets the needs of a specific audience. The "interest and risk" elements contained in conventional financing are prohibited in Islamic finance. With Islamic finance system, Muslim people can evaluate their savings financially without compromising their religious beliefs and ethics (Cima, 2019, p. 4). One of the most important pillars of the financial structure is to provide the flow of funds for the successful functioning of the financial system. In this context, it can be said that the banks working under Islamic banking system are obliged to provide the flow of funds for Islamic financial structure. In the implementation of interest-free banking, extending up to Hammurabi, the king of Babylon, ruled between 2123-2081, with modern methods. In the last century, manufacturing in Islamic countries accelerated, and the sudden rise in oil prices in the 1970s had an effect. In 1975, in order to solve the problems of financing public projects in Islamic countries, including the countries that are located in Turkey in Jeddah, the Islamic Development Bank (IDB) was established. The reason why the IDB is insufficient to meet the needs and does not support private sector projects is Saudi Arabia, Kuwait, B.A.E. in Switzerland with the organization of countries such as 1981 Dar Al Maar Al Islam er was established in 1981. In other Muslim countries, interest-free banking has spread rapidly and has made a great contribution to the economic leaps of countries like Malaysia. The number of member countries that have shares in

the bank has reached 53. Today more than \$ 200 billion of money is managed by Islamic Financial Institutions (IFC), which are engaged in "Interest-free Banking" according to Islamic principles.

In this study, financial accounting and startup, functions of financial accounting, differences between profit share and interest according to Islamic banks, accounting concept, origins, beginning and applications in Islam, deposits in Islam according to bank concept. finance, financial accounting standards No.-2, mudareb, mushareke turkey are given information on the subject incelnip Islamic banking.

## **2. THE ORIGIN OF FINANCIAL ACCOUNTING**

In conjunction with changing economic and financial events, accounting is a system of social responsibility that constantly expands and produces extensive information. The system can produce indirect, unbiased, and consistent information with a reliable accounting system (Sozbilir, 1998, pp. 6-7). Accounting is a system that records all financial value movements that occur because of the company's relationships with the environment or due to internal events and its report as usable information. At same time this system has been developed to assess economic events and their consequences, we can say that the system of thought with some concepts and rules. In this system the economic information for a specific period and status is prepared at the end of this evaluation period.

Like every system, accounting consists of many subsystems. These subsystems are divided into three categories such as financial accounting, cost accounting, and management accounting, which carry different names according to the fields and topics covered. In addition, they can take different names under the name of accounting specialization depending on the type of enterprise activity and characteristics of the type of activity. For example, bank accounting, agricultural accounting, insurance accounting, tourism accounting, cooperative accounting, construction accounting. We can determine the accounting we classify according to the fields and topics covered.

Financial accounting that deals with the purchase of goods and services is called basic operating activities, the sale of goods and services, as well as changes in the economic and financial structure of the enterprise.

### **3. FINANCIAL ACCOUNTING FUNCTIONS**

Financial accounting is a key function. The first is the measurement function and the second is the redirection function. Job measurement function is also known as bookkeeping or accounting registration. Transactions that can be expressed with money that creates changes to the assets and resources are recorded first as a whole in the journal based on the document. Changes in each transaction item are classified in the relevant accounts based on entries in the journal. Then this data is summarized by taking advantage of the rating that was made in the large ledger accounts. Thus, information is produced. Based on the summarized information obtained as a result of the measurement function, it is necessary to prepare financial reports that meet the needs of users of information, analyze, interpret and send them to the relevant persons. This is the second function of accounting is a redirect function (Caldag, 2002, pp. 6-7).

### **4. DIFFERENCES BETWEEN PROFIT SHARE AND INTEREST BY ISLAMIC BANKS**

Profit is the share of labor and capital in labor in terms of the positive value created for the society in existing economic assets, as a result of the transformation of capital in the presence of labor, money, property, goods, money, or any other form, in short, in a process of exchange.

The owner of the capital is directly affected by this production process which is negative in the case of profit, which is negative in the event that the institution has resulted in a loss, and indirectly affected by the entire community. In other words, profit is the surplus income that comes with society and provided that it is contributed. Interest, on the other hand, is the surplus income that all risks have directly reflected the debtor, indirectly to society, and the debt capital in the production process, without

changing the nature as the borrower embezzles. In interest, unlike profit, there is neither a trading nor a currency other than a state of money (money, trowel, money or money). The money which the borrower decides as a debt in the embezzlement of the borrower, returns at the end of the maturity, according to the agreed terms, whether in the type of the debt or otherwise. The owner of the capital in interest knows at the end of the maturity how much interest he/she will have with his / her principal and this amount shall become his vested right.

However, the owner of the capital puts his monye in the profit; the raw material entering from one end of the lathe and the result of the malleable processing of the finished goods, as a result, often processed, such as finished products; capital, money, goods, money or other goods, money is converted into another property, subject to the purchase and sale. The owner or owner of the capital at the end of the venture does not know how to come up with a sequel.

One of the main differences between interest and profit is the sharing of unearned and undiscounted income of interest; profit is born, the existence of the exact emergence and the amount of fully known income is shared.

Profit is obtained as a result of sharing real revenue generated by real production. Interest is the result of the economy of rent, rather than the production economy, today's common term. That interest, without producing real results revealed an exiting, for instance, as seen today in Turkey budget, obtained at the expense of being dragged into a quagmire state, undeserved, it is the allocation of income fictitious capital. Economist Sir Roy Harrod assessed "fiction" as "unrealistic".

Islam is the main gain way adopted by labor. If a person who wants to generate income has only labor, he will put his labor into the production process and he will generate income with it. This income is called wages in Islam. If a person does not consume all of his / her product by renting his labor to another (icare) or by processing natural resources, if he accumulates some of it, in the end, the capital which has accumulated labor and value is formed. The retirement of a pensioner from an

institution, or by increasing the amount of a farmer's product every year, is like creating a capital.

If a person who has such capital does not want to work anymore, wants to live with his capital gain, there is only one way in Islam: by giving his capital to an entrepreneur, he is a partner in the profits and risks of investments. There are substantial differences between the profit earned by the owner of the capital in such a partnership and the interest earned by depositing his money in the bank. We can deal with these differences in two ways:

A- From the Psychological Point of View: Although a person who gives his capital to the entrepreneur by profit and loss partnership does not participate in the actual production activities, he is in the production activities psychologically. The frustration of the entrepreneur is a shortage of his frustration. Their distinctions are common. The profit shall be common to the loss in the event of loss as well as profit. In case of loss, the entrepreneur will experience the fear of losing his fresh labor, while the owner of the capital will have the preoccupation to lose his labor.

This risk factor, the interest of the money on the corner of the unrestrained person who will save him from the immobility, "You play I'll eat, I know the interest I'll take, do not fall behind" will not live the selfish sense; thus, the common distinction of the capital owner with the entrepreneur will bring them closer to each other, and the moral values such as cooperation, solidarity, love and compassion among the members of society will be strengthened.

B- Economic Aspect: The person who invests his / her interest shall be completely separated from the economic activities as the principal and interest have not interfered with the use of the money after binding. In another meaning, interest is not the result of a productive effort, but a result of inefficient waiting. The lack of a productive effort by the lender leads to a reduction of the entrepreneurial factor in the economy. However, this factor maintains its livelihood throughout all production and marketing.

The profit is the whip of the infidels. The entrepreneur can go to new discoveries in order to increase profit, and new products can be produced

A person who is waiting for his / her interest may have income imbalances as he/she takes the interest in every situation and does not interfere with the potential loss of the entrepreneur, while the capital owner will obtain the pre-determined fixed interest as unhurried, unproductive and risk-free. In the case of a profit partnership the capital owner will avoid the total demolition of the entrepreneur as he will participate in the loss. As a result, while interest is fixed and risk-free in all cases profit is variable and risky.

In short, there is no productivity and activity in the interest, anyway, it is a steady income and free of profit, productivity, and activity is, in any case, a variable of capital and income that comes with the addition of a good factor or risk factor.

#### **4.1.Accounting in Islam, Origination and Applications**

Islam has developed a comprehensive approach to all aspects of life. Its legitimacy is valid for all times and places. The law for all people collectively is based on a set of fixed rules. The development of Islamic thought the rules of accounting called by jurists to write a money, but it is the true constitution of the profession of accounting. The intellectual, cultural and economic colonization of the country of Islam has become the science, including the accounting of Western sciences, both in terms of thought and practice, but there is a group of Muslim scientists but the truth shows the world that Islam preceded the West by centuries in the knowledge of social sciences, From the writings that explain the history of accounting in Islam, rules, and procedures applied.

It is said that Italian Luca bachillo founded the foundations of modern accounting in 1494/913 AD when he wrote a book on accounting. The student finds the writings of Muslim scintists who had preceded his predecessors for centuries. There is no doubt that Muslims preceded bachillo to talk about the accounting rules and books

that Bachillo talked about in his book. The accounting system in the Islamic state and the House of Money (Bait Almal), in particular, defines this as the following:

1 - The Muslim scintists Qudaamah ibn Jaafar died in 918 AD / 337 AH wrote before his death the book of (almal) and dealt with the accounting matters in the House of money (bait almal) as well as wrote books called "alkharaj we sanaat alkitabe", which says: "This Diwan (meaning bait almal) should know its Purpose, and its purpose is accounting".

The owner of the House of Money (Bait Almal) on the following (Jaafar, p. 36):

1) Funds received.

2) What comes out of the expenses.

3) What comes from the seals including what is brought to the offices of abscess, loss and load, and the owner of bait almal in order to correct his action and arrange his conditions to do the following:

- Proof of all the books of the assets in all respects before taking them to their offices, as well as all other books to bait almal from all the houses.

- The owner of the bait almal should have a sign (stamp or signature) on the books and instruments issued by the bait almal and inspected by the Minister and his successors.

2 - The Muslim scintists Alqqlshandi in his book that has written before a thousand years ago 1320 AD / 739 AH, he was talking about written of money (accounting), he said:

"control its assets, branches, individual, entirety and write it honestly, including its parties and impartiality, that gives its strengths and accuracy, stimulates its environment, accuracy, liberates its income, expenses and checks its account " (Al-Qalqashandi, 1981, p. 339).

At the same book also describes the accounting system and the accountant, "The state has a system that saves money and generates expenses, this function keeps the bookkeepers and saves them so nothing goes out without proven" (Al-Qalqashandi, 1981, p. 351).



3- The Muslim scintists Al-Nuweiri died in 827 AH, in his book "nihayet alreb fi fnon aladeb", he said: "In writing the account save the funds, control the grain and control the laws of the country" (Al-Nuweiri, died 827 AH, p. 192).

4- The Muslim scintists Al-Hariri died 1096 CE / 515 AH, he said In writing the money (accounting) "The industry of the account is placed on the investigation and that the registry is a regulator, that the accountants keep money, without the registry of the account, there will be a change and the system of transactions is unfair" (Al-Heriri, p. 215)

These examples are the tip of the iceberg of what Muslim scintists have written and they make it abundantly clear that Muslims preceded bachillo for centuries to know the rules, principles, and principles of modern accounting and talked about their books, documents, and procedures. Perhaps the talk of bachillo about accounting in that period came after the Islamic conquests had spread everywhere until it reached France in the heart of Europe carrying the flag of science and knowledge to the areas opened by the Muslims, whose people took the Muslims science and knowledge in various sciences and knowledge, although some of the people of this country claimed the development of these sciences and invention of them.

#### **4.2.The Concept Of Bank In Islam**

The Islamic Bank is a commercial bank licensed to engage in the banking business in accordance with provisions. One of the most important Islamic banking business is the acceptance of bank deposits on the basis of Mudarabe contracts, Murabaha and the investment of funds accumulated in the investment aspects within the provisions of Islamic law such as Murabaha, Musharaka, Mudarabe and all banking activities that do not violate Islamic law such as loans, advances and current mortgages, which depend mainly on the usury contract, which is forbidden haram.

Islamic banking is defined as the banking system that is compatible with the spirit, morality and value system of Islam and managed by the principles determined by Islamic Sharia. Interest-free banking is a narrow concept of banking tools or transactions that avoid interest. At this point, a more general term, Islamic banking, is based not only on avoiding interest-based transactions that are prohibited in Islamic Sharia but on also avoiding ethical and non-social practices. In practical terms, Islamic Banking includes transactions based on conventional money loans, tangible assets and real services. The model of the Islamic banking system is aimed at the creation of a system that helps to ensure economic prosperity. The concept of Islamic banking is primarily included in the Islamic financial system.

Islamic banks have spread all over the world so that global banks have worked on the opening of Islamic branches or banks such as Citibank, Lloyds, and others, which confirms the validity of the economic system that is free of interest to the application and the possibility of superiority over the prevailing economic systems (Samaan, 2008, p. 26).

The Islamic banking and financial system address the goods and services delivered in return for a return or a commitment to repayment of the financing in the form of money in the future operating profits per share or in exchange for the shares (JARIB, 2019, p. 13). It is possible to come across the Islamic banking system in many economies. In the application of the system, it can be seen that sometimes concepts such as interest-free banking and participation banking are prominent. If we look at Islamic banking-based practices, we can better understand the Islamic banking system.

#### **4.3. Deposits and Loans According To The Islamic Concept**

The deposit in the Arabic language is: deposit something for a certain period to pledge that person to refund the same thing upon request (Samaan, 2008, p. 4). In the scientific sense it is: "the money we leave with the person we trust" (Al-Zuhaili, 2002, p. 93). Another said: "authorization to save money (Alsherbini, 1994, p. 250), through

previous definition the deposit it is: The money we put for someone to keep it, without pay.

In the Jordanian banking law No. 2 of 2000, Paragraph 2 the deposits it is: "The amount of money given by one person to another person. Committed to return it on a time or when claimed according to agreed terms, whoever takes the money has the right to dispose of it, and he is obliged to repay it in the same currency".

Loan: Its definition in Arabic is the piece Al-Ramli1984 'because the lender cut off his money and give it to the borrower. In scientific terms, it is give money to those who benefit from it, without an increase, if it is refunded at the agreed time or upon request.

Profit-loss sharing contracts: These are instruments in the form of a resource allocation that helps promote a fair income distribution for real economic activities, including the basic principles of finance, equity, and participation. Eight Musharaka and Mudarabe. With profit sharing and loss (Mudarabe), the investor or bank provides capital and the policy beneficiary contributes as labor and skill (profit is shared, but the financier does not have the ability to interfere in the management of the operation financed by the negligence, abuse or violation of the contract is not proved is covered by. With pure profit and loss sharing (Conflict), the two parties shall provide equal finance and share profit-loss in the relevant project (KAMER, 2015, p. 4). In summary; there is a partnership in the context of profit-loss sharing with Confrontation and is the most authentic product in the Islamic financial system. By establishing two or more common capital, they establish a partnership for a real estate, movable property or permanent/decreasing resource. With Mudarabe, one party takes responsibility as a financier, while the other partner puts its own performance or managerial expertise; again, there is a profit-loss sharing between the parties.

#### **4.3.1. Murabaha**

The word Murabaha is taken from profit or the sale of the commodity at the price he bought it from (Al-Maqdisi, 1997, p. 266), that is the difference between the

selling price and the price of production (Al-Dasouqi, 1815, p. 159), or it is the sale with a statement of capital and profit (Alneweoi, p. 53).

This sale is called murabaha for buying on a process order and then sell on a price equal to the total cost of the purchase plus a known agreed profit between them (AlKuwait, 2010), Murabaha is a kind of sales in Islamic law. The seller declares the cost of the goods and places a dividend in the amount agreed upon with the buyer. For example, the seller says, and I bought 100, I want 10 profit. In the case of acceptance of the buyer, this type of exchange takes place as Murabaha. The price, profit margin and final sale price of the goods are clearly set out. This method with a practical and high rate of return can be used at times when Islamic banks have narrowed their application possibilities, especially within the interest environment. Today the Special Finance Houses in Turkey are often it refers to a method (Murabaha / المرابحة للأمر بالشراء / Murabaha to the Purchase Ordered).

The sale definition in Arabic is: Open the hand with money, in terms of terminology, The Fucaha put him more than definition is: swap something desirable in the same with compromise (Alkasani, p. 133), And the Fucaha of the Shaafa'is said: " Swap money with money and ownership." (Alsherbini, 1994, p. 3).

Types the sale in Islam (Samhan, 2009, p. 126):

- 1- Sale of barter: Replace a commodity with a commodity, without paying a price. Such as replacing a kilo of wheat with five kilos of salt.
- 2- Sale of exchange: Replace money with other money of another kind. Such as replacing the dinar with two dollars.
- 3- Sale of Selem: Such as selling tons of iron and taking its price immediately, delaying delivery to a specific time in the future.
- 4- Sale of Absolute: Sell this item with urgent cash, Divided into:
  - A- Sale of bargain: The sale of the item at a fixed price agreed by the seller and the buyer, without talk about cost.
  - B- Sale of Amane: Is to sell a commodity with a saying to the buyer by its cost. So that the seller and buyer know the amount of profit and Divided into:

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- 1- Sale of Tawoliya: Is selling without profit or loss to the seller (Breakeven).
  - 2- Sale of inferiority: Selling a commodity is less than its cost (loss).
  - C- Sale of Murabaha: Is selling at a purchase price with a small increase. Sale of Murabaha divided into:
    - 1- Simple Murabaha: The item is sold at the purchase price with a small increase.
    - 2- Complex Murabaha (Murabaha for the purchase order): Is one type of sale of Alamane. Where someone asks someone else for a commodity and promise to purchase them with a certain profit. This sale is carried out by Islamic banks by a big percentage. That is very important.

#### 4.3.1.1. Murabaha sale by purchase order

A customer who needs a commodity and cannot find the necessary source wants the bank to buy the goods in question. Here, the customer has to order the bank to buy the goods, and the bank buys the goods purchased by the customer from the bank. On the orders and promises of the customer, the bank qualifies the goods specified. It puts a profit on the cost in the amount agreed with the client. The customer receives these goods from the bank. He pays his money to the bank in installments and under the conditions agreed with the bank.

To give for example, a new doctor, if he is not in the power to take the medical equipment that is necessary for him in his work, he asks the Islamic Bank to buy the equipment for him. The doctor has a promise to take the equipment from the bank. Islam Bank buys equipment. He puts a profit on the cost price as agreed with the doctor and sells the equipment to the doctor with this profit. The doctor pays the cost of the equipment to the bank in the form of installments (Murabaha Limit / حدود التسهيلات / Credit Facilities).

The Murabaha method is mainly used in the financing of foreign trade and the supply of raw materials and semi-finished goods to enterprises.

#### **4.3.1.2. Financing foreign trade through Murabaha**

To illustrate this, the Bank purchases the goods from the country A to the country of B, the goods that are in conformity with the specifications of the country of B, which are in conformity with the specifications of the country, within the limits of the determined cost price and operating profit. There are a legally binding procurement word and the promise of the Islamic Bank that the importing agent in the B country only wants to buy goods of this nature. Under these conditions, the Islamic Bank receives the goods from the exporter in country A. B sells to the importer in the country. The importer begins to pay the money according to a payment plan agreed with the bank.

#### **4.3.2. Mudarabe (Speculation)**

The fuqaha have defined various kinds of definitions Ibn Rushd side: If a man gives money to another man to trade with a known part of the money that he earns one-third or one-quarter or half from the profit of the money agreed upon (Rushd, 1952, p. 234). Another said a contract to participate in trade between the owner of capital and a worker who invests his experience, and distributes the profit between them at the end of each transaction according to agreed percentages. While the loss will be borne by the owner of the capital alone and the speculator loses its effort at work, that is, the capital is from a party and management is from another side (Al-Zuhaili, 2002, p. 438).

Types of Mudaraba (speculation) (Samaan, 2008, p. 8):

First in terms of conditions:

1- Restricted Mudaraba: It is speculative in which the owner of the capital requires the speculator to meet certain conditions and is acceptable to the Shari'ah, which restricts the speculator and acts within it.

2- Absolute Mudarabe (speculation): It is speculation in which the owner of the capital is given full freedom to act in the money without violating the provisions of Islamic law.

Second in terms of number of partners:

1- Binary Mudaraba (speculation): a speculation between two parties in which the first party provides money and the second party to work. It is the relationship between the worker and the owner of the capital.

2- Multiple or parallel Mudaraba (speculation): It is speculative relationship is multiple, the number of capitalists and speculators one, or multiple speculators and the owner of capital one, or multiple owners of capital and speculators.

In the case of the Islamic finance method, the bank can cover all the costs of the project. In other words, the owner of the entire capital in the investment in the bank. If the client who uses the fund puts the labor and mastery of the work.

The use of funds by the Islamic Banks to third parties takes place in the joint agreement. In this agreement, the Islamic bank is the bank-mal (capitalist) and the fund is mudarib. Mudarib only uses labor and mastery. When the client makes use of the fund, the Islamic Bank will inform the customer about the rate of profit it wants. According to the amount and conditions of the fund to be used, the Islamic Bank may request different dividends from customers. Funding and financial support by this method is the most appropriate way for resigning from the project application field, in other words, from the talents of the newcomers who are new to the market, but who are deprived of the financial source.

Talented and successful people can use funds from the Islamic Banks in the form of funds if they are safe and confident. The Mudarabe method is mostly used in trade finance. This trade can be internal and external. The profit obtained because of the undertaking is divided between the bank and its customers at predetermined rates. If the profit and loss are neutral, the capital of the bank will be recovered. In this case, neither the bank nor the customer profit. In the event of loss, the bank compensates this loss. Since the customer had already been sufficiently damaged by having worked in vain during the last period, it was considered sufficient to compensate for the damage with his labor. However, if the customer has intent and negligence in the occurrence of the damage, this damage shall be compensated.

However, the bank takes the necessary measures to eliminate or minimize the possibility of loss. For this purpose, it undertakes the multi-faceted study of this project of the customer who is in need of capital and makes its feasibility. If the bank deems it appropriate and profitable for the project, the Bank shall provide funds to its customers. In case of misuse, the bank may ask the customer to keep his / her account on a regular basis. It may also seek to avoid providing funds to people who are not able to make an expected amount of profit to eliminate customers' misuse.

The most important thing in the Murabaha and Murabaha standard of the Purchase Order No. 2 (Samhan, 2009, p. 75):

- 1- Murabaha receivables are measured at their nominal value as they occur and at the net monetary value expected to be achieved at the end of the financial period.
- 2- Proving profits:
  - a- Profits are recognized when the contract is signed in the event of the sale in cash or for a term that ends in the current financial period.
  - b- In the event of a sale for a period exceeding the current financial period, the profits are recognized in future financial periods - and this is preferred - or the recognition of the profits when the premium is delivered.
  - c- Deferred income is eliminated from Murabaha receivables in the statement of financial position.
- 3- Early repayment with the deduction of part of the profit (without the condition or interference of a third party):
  - A- Repayment on payment: Profits and Murabaha receivables are reduced by the amount of the discount on payment.
  - b- Reimbursement after payment: The profits are reduced by the amount returned to the person making the early payment.



c- The amount collected from the defaulting debtor shall be proved according to what the Shari'a Supervisory Board considers as revenue or a provision for the account of the arbitrators.

#### **4.3.3. Mushareke**

Musharaka is called the company-faith in Islamic law. In the Mudarabe agreement, while capital is on the one hand and labor, on the other hand, the parties are put together with both labor and capital.

With one or more of the partners participating in the engagement, each of the partners is entitled to the profit, including those who do not participate in the work. The consent of the parties is essential in determining the profit. In other words, although the capitals are equal, the dividends may be different or, on the contrary, even if the capitals are different, their dividends may be equal.

This difference is because some of the partners are more likely to do the work or become more skilled. Contrary to this view accepted by the Hanafi and Hanbali sects, Shafii and Maliki denominations argue that the parties should take a share of the profits in proportion to their capitals because they are subject to profit capital. On the other hand, the Islamic Banks have adopted the views of the Hanafi and Hanbali sects by accepting the fact that the shareholders who received the funds from the bank with the discretionary method received more dividends than their capital due to the passing of more labor in the conduct of the company's business.

The finance method is applied and executed as follows: The Islamic Bank takes the responsibility of providing a part of the capital requested by its customer as its partner. The customer provides his own financial means and the rest of the project capital in accordance with the nature of the project. The customer takes the responsibility of the administration, supervision, and supervision of the financial assistance requested and received due to his expertise. The fact that these responsibilities are placed on the customer gives him/her the right to receive more shares from the profit.

In this method, net income is distributed between the parties (the Bank and the partner) as a partner: the customer receives a share due to his / her experience. The remaining income is distributed to the share of the partnership between the two partners who have a privileged contribution to the investment. In case of loss, the loss is allocated to the equity interests of the parties in the partnership. The customer may not be exposed to additional damage.

The method of confusion is often used in the financing of industry. In the provision of equipment and machinery, the method can be applied successfully. This method can also be used to finance trade.

## 5. RESULTS

In the Islamic financial system, interest-based transactions, conventional insurance, gambling, weapons, alcohol, pigs, etc., which violate Sharia in all types of transactions, products, and services that banks must deal with are Forbidden. Among the most common financial instruments and transactions are Murabaha (sales contract), financial leasing, financial (Mudarabe) (Musharaka) and sukuk are the most common Islamic money market instruments.

Culture is a community of values, practices, and community reactions to any position. In this regard, culture is a factor that can play a key role in the development of all social systems of society. Accounting is shaped by the political, social, economic and even cultural qualities of a society that is related to life. In terms of accountability, when evaluating culture, it is acceptable that work is an element that reflects the implications of the society in which it is and represents a subculture of accountability. Culture also guides accounting and finance practices in business life. Cultural characteristics such as conservatism, distrust, coercion, and confidentiality affect closely accounting finance and quality practices. In this context, each culture is considered a different accounting system; the attitudes and behaviors of individuals and the cultural values that guide them affect the patterns of accounting and thinking.

When examining the accounting practices in different cultures, the element that constitutes the differences in the material or spiritual sub-elements that form the

perceptions of the individuals. Perhaps most important of all, is the religion that shapes people's motives, values, customs, behaviors, and lifestyles. As with all business functions, accounting is also influenced by the religious beliefs of users and decision-makers. Even if it appears to be a mechanical system created with a few numbers, the preparation and interpretation of these data cannot be deduced from personal characteristics. The view of religions in the concept of accounting is also gaining importance at this stage. When conducting a general assessment of business activities, practices and accounting theories in different countries, we see different results. Where religions are directed to them.

Today, the Islamic financial system is a system that has proven itself in world markets. As the increase in wealth management according to the classification of "Islam" is evidence of the level of acceptance of the market in competition on an equal footing with other financial institutions, Islamic banks must be able to compete and meet the demands of individuals and companies. Islamic products should not only be developed according to Shari'a rules; they must also comply with the laws and regulations of the country. Thus, Islamic banks will be able to stand firm against conventional banks with each alternative product that will be produced and developed.

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