IQTISODIY TARAQQIYOT VA TAHLIL
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INNOVATIONS IN ACCOUNTING AND ANALYSING MURABAHA TRANSACTIONS AS A TOOL FOR SUSTAINABLE DEVELOPMENT OF THE ISLAMIC ECONOMY

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Annotation. *This article examines and analyzes the rules for reflecting Murobaha operations in financial statements, the stages of implementation of Murobaha operations and the conditions for its implementation. The processes of recognition of Murobaha transactions based on two-way writing are analyzed and illustrated with the help of examples. Also, the role of Murobaha operations in sustainable economic development will be revealed.*
Key words. *Financial accounting, murabaha, debit, credit, arbun, pay in installments.*

MOLIYAVIY HISOBDAGI INNOVATSIYALAR VA MUROBOHA OPERATSIYALARINI TAHLIL QILISH BARQAROR IQTISODIY RIVOJLANISHNING OMILI SIFATIDA

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Annotatsiya. *Ushbu maqolada Murobaha operatsiyalarini moliyaviy hisobotlarida aks ettirish qonun-qoidalari ko'rib chiqiladi va tahlil qilinadi, Murobaha operatsiyalarini amalga oshirish bosqichlari va uni amalga oshirish uchun qo'yilgan shartlar keltiriladi. Murobaha operatsiyalarining ikkiyoqlama yozuv asosida tan olish jarayonlari tahlil qilinadi va misollar yordamida yoritiladi. Shuningdek, Murobaha operatsiyalarining barqaror iqtisodiy rivojlanishdagi roli ochib beriladi.*
Kalit so'zlar: *moliyaviy hisob, murobaha, debet, kredit, arbun, bo'lib to'lash.*

ИННОВАЦИИ В УЧЕТЕ И АНАЛИЗ ОПЕРАЦИЙ МУРАБАХА КАК ИНСТРУМЕНТА УСТОЙЧИВОГО РАЗВИТИЯ ИСЛАМСКОЙ ЭКОНОМИКИ

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Аннотация. *В данной статье рассматриваются и анализируются правила отражения операции Муробаха в финансовой отчетности, этапы осуществления операции Муробаха и условия ее осуществления. Анализируются и иллюстрируются на примерах процессы распознавания транзакций Муробаха на основе двусторонней записи. Также будет раскрыта роль операций Муробаха в устойчивом экономическом развитии.*
Ключевые слова. *Финансовый учет, мурабаха, дебет, кредит, арбун, рассрочка.*

Intoduction.

Islamic finance has gained significant attention in recent years due to its ethical and sustainable approach to economic development. One of the key tools used in Islamic finance is the Murabaha transaction, which plays a crucial role in facilitating trade and investment while complying with Sharia principles (Purwanto, 2019). Murabaha transactions are a fundamental pillar of Islamic finance, serving as a means of trade and investment that adheres to the principles of Sharia law. The accounting and analysis of Murabaha transactions are essential for evaluating their impact on the sustainable development of the Islamic economy (Atmeh and Maali, 2017). By examining the financial reporting and disclosure requirements related to Murabaha transactions, we can gain valuable insights into their contribution to the overall economic stability and growth within Islamic finance.

Furthermore, a detailed analysis of the risk management aspects associated with Murabaha transactions can provide a comprehensive understanding of how these transactions contribute to the sustainability of the Islamic financial system (Purwanto, 2019). This includes delving into how financial institutions ensure compliance with Sharia principles while effectively managing the risks inherent in Murabaha transactions.

In addition, it is crucial to explore the ethical considerations and social impact of Murabaha transactions within the context of sustainable development (Atmeh and Maali, 2017). Understanding how these transactions align with ethical investment principles and their potential for promoting economic empowerment and social welfare is paramount in comprehensively assessing their role in advancing the Islamic economy.

By delving deeper into the accounting, analysis, risk management, and ethical dimensions of Murabaha transactions, this paper aims to provide a holistic perspective on their significance for the sustainable development of the Islamic economy.

Literature review.

Ahmet and others examined the accounting treatment for the Murabaha contract and its effects on the financial statements when using AAOIFI and International Financial Reporting Standards (IFRS) accounting standards. The authors report that AAOIFI standards take the legal structure of contracts into account; hence, IFRS standards do not capture the essence of the Murabaha contract. Furthermore, the authors state that profit allocations using IFRS is based on amortised cost, while AAOIFI uses a straight-line basis (Ahmed, Mezbah & other, 2016).

Moosa (2023) studied the influence of culture on accounting and historical development of Islamic accounting. In his study, the modern development in Islamic accounting is explained. The discussion then summarizes the contracts used by Islamic banks, with a particular focus on the Murabaha contract as it is the most widely used contract.is to consider the events leading to the development of modern accounting standards for Islamic banks and, thereafter, to consider the accounting process and related impact on the financial statements for the Murabaha contract.

Habib and others highlighted that in Islamic law, the practice of charging a fixed profit on the sale of goods is permitted, as it constitutes an exchange of money for goods. Consequently, Islamic banks do not employ the use of loans when providing financing to customers. Alternatively, a sales-based transaction, such as Murabaha, is employed for this purpose (Habib, Syeda Fahmida, 2018). In a Murabaha transaction, an Islamic bank and a customer enter into an agreement for the purchase of an item to be settled on deferred payment terms, although spot payment is also permitted (Schoon, Natalie, 2016). Zineb and M.Bellalah pointed out that crucial aspect of the Murabaha contract is that the Islamic bank is obliged to inform the customer of the cost and the markup applied to the item prior to the contract's conclusion (Zineb, Shayeh, and Mondher Bellalah, 2013).

Nethercott and Eisenberg (2012) highlight that contracts such as Murabaha can be accounted for using International Financial Reporting Standards (IFRS). However, they note that this involves applying a few additional accounting standards, including IAS 2: Inventories, IFRS 15: Revenue from Contracts with Customers and IFRS 9: Financial Instruments. This is in contrast to the single standard typically used in accordance with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) framework. Furthermore, Velayutham (2014) highlights that a notable distinction is the requirement for AAOIFI standards to include the disclosure of information that aligns with the investment criteria of Muslims.

Research method.

During the research, the AAOIFI standards on the subject were studied, the stages of implementation of the Murabaha operations were analyzed and synthesized. Also, concretization and modeling methods are used.

Result and discussion.

In Islamic financial institutions, the instrument of murabahah is implemented in the following sequence (Nunu, Ahmed, 2014):

1) The client (customer) orders the bank to buy goods and promises the bank to buy these goods with a profit (the promise may or may not be binding);

2) The bank buys goods from the seller and pays for it;

3) The bank concludes a murabaha purchase agreement with the client and delivers the goods;

4) The customer usually pays the new price of the goods plus profit to the bank in installments, but a delayed single payment or cash payment can also be made.

In order for Murabaha to be implemented, the following conditions must be met:

A. The Islamic bank must inform the customer of the cost or capital expenditure;

B. The first contract – the contract between the bank and the seller must be valid;

C. The contract must be free of usury;

D. The Islamic Bank must disclose any fault occurring after the purchase of the goods and disclose all information related to the fault;

E The Islamic bank must disclose the terms of the purchase price, for example, if the purchase is made on a deferred payment basis.

If any of clauses (a), (d) or (e) are not fulfilled, the buyer has the following options:

1. continue trading as is;
2. contact the seller for a dispute;
3. cancellation of the contract (Hamid, 2007).

To make it safer for Islamic banks, they should establish the contract the based on a binding promise, and then always require a Hamish jiddiyah or arbun:

– Hamish jiddiya - this is the amount paid by the customer to make sure that the customer is serious about ordering the asset. However, if the promise is binding and the customer refuses to purchase the asset, the bank may deduct any losses and expenses incurred in the transaction from the Hamish jiddiya and return the balance. If the loss is greater than the Hamish jiddiya, the customer will be responsible for the shortfall. In the case of a non-binding promise, if the bank refuses to deliver the goods, the bank must return the earnest money to the potential customer in full (even if he subsequently suffered a loss in the sale of the goods).

– arbun is the amount paid by the customer (customer) to the seller when purchasing an asset. If the sale goes through, then the "arbun" is part of the price, otherwise, the arbun remains with the seller (Nunu, Ahmed, 2014).

These measures of establishing binding promises and requiring Hamish jiddiyah and arbun provide additional security for Islamic banks in Murabaha transactions, protecting them from potential risks and ensuring the sustainability of the Islamic economy (Purwanto, 2019). In summary, innovations in accounting and analyzing Murabaha transactions can contribute to the sustainable development of the Islamic economy by ensuring proper recognition of income, matching costs in the appropriate financial period, and implementing measures to enhance the security of Murabaha transactions.

Reflecting the practice of murabaha in the financial account is based on the standard of AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) No. FAS28 “Murabaha and other deferred payments sales”.

Transactions that occur in the practice of murabaha are reflected in the financial accounts as shown in Table 1.

Table 1.

Accounting transactions for Murabaha financing (Nunu, Ahmed, 2014)

	Transactions/events	DR	CR
1	Purchase of asset by bank	Equipment	Cash/creditors
2	Murabaha sale	Murabaha financing(cost+profit)	Equipment at cost Deferred profit with profit
3	Installment receipt	Cash	Murabaha Financing
4	Recognition of profit as each installment is receved	Deferred profit	Profit and Loss
5	Rebate for early payment	Deferred Profit	Murabaha Financing
6	Termination of contract	A/c Receivable	Murahaha Financing

For example, bank A offers financing to person B to purchase a machine worth $100,000. The terms of the contract are as follows:

(a) 10% Markup on Price;

(b) financing period is 4 years;

(c) Fees are payable annually.

Based on the above information, income and balance sheet extracts are as follows (Table 2):

Table 2.

Financial records for mentioned example

Income statement	Year 0	Year1	Year 2	Year 3	Year 4
Profit on Murabaha		2500	2500	2500	2500
Balance sheet					
Murahaha financing	110 000	82500	55000	27500	-
Deferref profit	(10 000)	(7500)	(5000)	(2500)	-
	100 000	75.000	50.000	25.000	-

Work out: Total payment = $100,000 x 1.1 = $110,000

Profit in Murabaha = $10,000.

Total number of payment = 4

Annual payment= 110000/4=27500 $.

Profit per annum = $10,000/4 = 2,500

When purchasing assets, they are reflected in the financial account as follows:

– in the case of mandatory murabaha, assets must be measured at the lower of historical value or depreciated value, which is very necessary to avoid overvaluation, prudence and protection of the buyer;

– in the case of non-binding murabahah, assets must be measured at cash equivalent value, which is important to reflect current value and protect the bank/financier;

– provisions should reflect any reduction between the purchase price and the cash equivalent value (Hamid, 2007).

– the price discount, if received after the purchase, should not be treated as income, but should be treated as a reduction in the price of the relevant goods, unless agreed with the Sharia Supervisory Authority of Islamic Banks (SSB) on this matter lsa.

Murabaha receivables (by the bank) should be recorded at their nominal value (cash equivalent), less the provision for doubtful debts (Nunu, Ahmed, 2014).

The following rules are followed for the recognition of Murabaha financing income:

– profit is recognized without leaving the current financial period at the time of concluding an agreement on cash or credit transactions;

– if the murabahah period exceeds one financial period with one or more payments, the recognition methods are as follows:

a) calculation method (Accrual basis) The calculation method recognizes profit based on proportional distribution, whether cash is received or not;

b) cash-based method. In this method, profit is calculated based on the amount of money received, the principle of matching expenses with income is applied, deferred profit (unearned) is offset against Murabaha receivables in this statement of financial position, the settlement amount is based on the outstanding financial amount (calculation method) (Hamid, 2007);

– penalties are directed to charity funds.

In summary, the recognition of Murabaha financing income follows certain rules including the recognition of profit at the time of concluding an agreement, methods for recognizing profit when the Murabaha period exceeds one financial period, and the direction of penalties to charity funds. These rules ensure the proper accounting and analysis of Murabaha transactions, contributing to the sustainable development of the Islamic economy.

Currently, there are some problems to implement murabahah in Uzbekistan banks. The main problem seems to be that banks are limited in their trading activities (Law of the Republic of Uzbekistan, 1996). There are also some problems with the tax system. This can be seen in the fact that the banks that want to use the murabaha instrument cannot transfer the asset to their balance sheet and there may be cases of double taxation of the murabaha object. A potential problem is the lack of standards for financial accounting and Islamic financial instruments. Financial accounting according to the rules of Islamic finance is an innovative proposition for accounting. For this reason, it is appropriate to develop special legal, tax and accounting norms for Islamic finance in Uzbekistan.

Conclusion.

In conclusion, the accounting and analysis of Murabaha transactions are crucial in understanding their role in the sustainable development of the Islamic economy. Through this analysis, we have gained valuable insights into the ethical, financial, and social implications of Murabaha transactions. It is evident that Murabaha transactions not only adhere to Sharia principles but also contribute to the economic stability and growth within Islamic finance.

The risk management aspects associated with Murabaha transactions are essential for ensuring compliance with Sharia principles and maintaining the sustainability of the Islamic financial system. Ethical considerations and the social impact of Murabaha transactions play a key role in promoting economic empowerment and social welfare, aligning with ethical investment principles.

Moving forward, it is imperative for financial institutions and stakeholders to continue leveraging best practices in analyzing and reporting Murabaha transactions, ensuring their contribution to the growth and sustainability of the Islamic economy. As Islamic finance continues to evolve, Murabaha transactions will remain a significant tool for driving economic development within the framework of Sharia principles. This comprehensive examination of Murabaha transactions sheds light on the crucial role they play in the sustainable development of the Islamic economy. Thus, further research and collaboration among Islamic finance professionals, Sharia law experts, and policymakers are necessary to continue improving the

Murabaha business process and ensuring compliance with Sharia law.

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