



AAOIFI Accounting Standards Training

Course: Islamic Bank Murabaha, Ijarah, Sukuk and Zakat



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Introduction:

AAOIFI accounting standards training for Islamic bank murabaha, ijarah, sukuk and zakat is a 10-day course for financial reporting, audit and Shariah review staff that ends with a Financial Statement Extracts Pack for a case Islamic bank. Islamic banks and windows attract audit findings and restatements when deferred profit, ijarah assets, investment account pools and risk reserves are recorded in ways that do not follow the contract or the standard. Nominees already post entries, prepare reports or review financing files, and work through case studies built on contract documents and ledger data. CoreConcept Training Center delivers this AAOIFI accounting course.

Course Objectives:

- Classify Islamic finance transactions and investment account balances using the AAOIFI Conceptual Framework and FAS 1 presentation rules
- Record murabaha, ijarah, ijarah muntahia bittamleek, salam and istisna transactions with correct journal entries under FAS 28, FAS 32, FAS 7 and FAS 10
- Account for mudaraba, musharaka and diminishing musharaka financing, including capital measurement and profit and loss attribution
- Measure sukuk holdings and issuance, credit losses and onerous commitments under FAS 33, FAS 34 and FAS 30
- Calculate investment pool profit, mudarib share and profit equalisation and investment risk reserve movements under FAS 27 and FAS 35
- Prepare zakat, Shariah-non-compliant income and AAOIFI to IFRS reconciliation disclosures for Islamic bank financial statement extracts

Target Audience:

- Staff responsible for posting and reviewing journal entries for Islamic financing and treasury portfolios
 - Staff who prepare monthly, quarterly and annual financial statements for Islamic banks or Islamic windows
 - Internal and external audit staff who test Islamic finance balances, reserves and disclosures
 - Shariah review staff who check that accounting records reflect the executed contract
 - Finance staff in takaful operators and Islamic finance companies who report sukuk, investment and zakat balances
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Course Outline:

Day 1: Islamic Financial Reporting Framework and AAOIFI Conceptual Framework

- AAOIFI Conceptual Framework Elements and Recognition Criteria Applied
- Substance and Form Assessment for Islamic Finance Transactions
- Islamic Bank Statement of Financial Position Line-Item Map
- Equity of Investment Account Holders Classification Decision
- Islamic Bank Chart of Accounts Review Against FAS Requirements

Day 2: FAS 1 Presentation and Disclosure for Islamic Banks and Windows

- FAS 1 Statement Set Required of Islamic Banks
- FAS 1 Disclosure Checklist for Accounting Policies and Shariah Basis
- Statement of Changes in Restricted Investment Accounts Layout
- Statement of Sources and Uses of Qard Fund
- FAS 40 Separate Reporting for Islamic Finance Windows

Day 3: Murabaha and Deferred Payment Sales Accounting Under FAS 28

- FAS 28 Initial Recognition of Murabaha Inventory and Receivables
- Deferred Profit Amortisation Schedule Using Time-Appportioned Method
- Commodity Murabaha and Tawarruq Entries for Treasury Placements
- Early Settlement Rebates, Late Payment Charity Charges and Defaults
- Promise to Purchase and Hamish Jiddiyyah Deposit Treatment

Day 4: Ijarah, Ijarah Muntahia Bittamleek, Salam and Istisna Accounting

- FAS 32 Lessor Accounting for Ijarah Assets and Depreciation
- FAS 32 Lessee Right-of-Use Asset and Ijarah Liability Measurement
- Ijarah Muntahia Bittamleek Ownership Transfer by Gift or Sale
- FAS 7 Salam and Parallel Salam Journal Entries
- FAS 10 Istisna Revenue Recognition and Parallel Istisna Costs

Day 5: Week-One Case Study on Sale and Lease Contract Accounting

- Case Islamic Bank Trial Balance for Financing Portfolios
 - Murabaha Deferred Profit Roll-Forward Built From Case Contracts
 - Ijarah Asset Register and Rental Income Reconciliation Exercise
 - Salam and Istisna Work-in-Progress Ledger Review for the Case
 - Week-One Adjusting Entries Pack Reviewed by Peer Auditors
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Day 6: Mudaraba, Musharaka and Wakala Investment Accounting

- Mudaraba Financing Capital Recognition and Loss Attribution Entries
- Musharaka Capital Contributions Measured in Cash and Kind
- Diminishing Musharaka Share Buy-Out Accounting and Rental Income
- Profit and Loss Allocation Between Partners in Musharaka Ventures
- Wakala Investment Agency Entries From Principal and Agent Sides

Day 7: Sukuk Issuance, Sukuk Investment, Impairment and Credit Losses

- FAS 33 Classification of Sukuk and Equity Investments
- FAS 34 Sukuk-Holder Reporting on Underlying Assets
- Ijarah Sukuk Issuance Entries in the Originator Books
- FAS 30 Credit Loss Staging for Financing and Sukuk Exposures
- FAS 30 Onerous Commitment Provisions and Ijarah Asset Impairment

Day 8: Investment Accounts, Profit Distribution and Risk Reserves

- FAS 27 Unrestricted Investment Account Pool Accounting
- Mudarib Share and Profit Allocation by Pool Weightage
- FAS 35 Profit Equalisation Reserve Build-Up and Release Entries
- FAS 35 Investment Risk Reserve Absorption of Pool Losses
- Off-Balance-Sheet Restricted Investment Accounts and Assets Under Management

Day 9: Zakat, Non-Compliant Income and AAOIFI to IFRS Reconciliation

- FAS 39 Zakat Base Calculation Using Net Assets Method
- Zakat Presentation and Disclosure in Islamic Bank Statements
- Shariah-Non-Compliant Income Identification, Charity Account and Disclosure
- AAOIFI to IFRS Reconciliation Bridge for Murabaha and Ijarah
- Investment Account Holders Under IFRS Versus AAOIFI Quasi-Equity

Day 10: Capstone Case Study on Financial Statement Extracts for an Islamic Bank

- Capstone Islamic Bank Data Pack and Reporting Brief
 - Statement of Financial Position Extract With Investment Account Holders
 - Income Statement Extract Showing Pool Returns and Mudarib Share
 - Zakat, Reserves and Non-Compliant Income Notes Drafted for Case
 - Financial Statement Extracts Pack Completed and Presented to Audit Panel
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Skills You Will Gain:

- Islamic Finance Journal Entries
- Deferred Profit Amortisation
- Ijarah Asset Accounting
- Partnership Financing Accounting
- Sukuk Measurement
- Investment Pool Profit Allocation
- Zakat Base Computation
- AAOIFI and IFRS Reconciliation

Why Attend This Course:

- Deliver a Financial Statement Extracts Pack for a case Islamic bank to the head of financial reporting and the audit committee secretary
- Decide how each financing contract, sukuk holding and investment account balance is classified, measured and disclosed before the reporting close
- Avoid audit adjustments, restated profit distributions and Shariah review findings caused by entries that do not follow the executed contract
- Share entry templates, reserve calculators, zakat worksheets and reconciliation bridges with ledger, treasury and Shariah review colleagues

Conclusion:

Back at work, the participant hands the Financial Statement Extracts Pack to the head of financial reporting, the Shariah review unit and the external auditor. They use it to agree how financing contracts, sukuk, investment account pools, reserves and zakat are recorded and disclosed at the next reporting close. After that first close, the unit should compare audit adjustments, reserve movements and profit distribution queries with the previous period, then refine entry templates and disclosure wording where differences remain.

Frequently Asked Questions FAQ:

What should participants know before AAOIFI accounting standards training for Islamic banks?

Participants should already understand double entry and basic financial statements and work with Islamic financing, treasury, reporting or audit files. Familiarity with murabaha and ijarah contracts helps. Bringing anonymised contract terms or ledger extracts lets participants test the entries on their own portfolios.

How do AAOIFI accounting standards for Islamic banks differ from a course on Islamic banking contracts?

This course records and reports transactions: journal entries, measurement, reserves, zakat and disclosures under AAOIFI FAS. A contracts course designs products, sequences Shariah contracts and covers governance. Here the contract is the input and the financial statement extract is the output.

Why do AAOIFI accounting standards and IFRS give different results for Islamic bank murabaha and ijarah?

AAOIFI standards follow the Islamic contract form and substance, so murabaha carries deferred profit and investment account holders sit between liabilities and equity. IFRS often treats murabaha as a financial asset at amortised cost and ijarah under lease rules, so a reconciliation bridge explains the gap.

What do participants take back from AAOIFI accounting standards training for Islamic banks?

Participants take back a Financial Statement Extracts Pack for a case Islamic bank, with statement of financial position and income statement extracts, notes on zakat, reserves and non-compliant income, plus entry templates, a deferred profit schedule, reserve calculators and an AAOIFI to IFRS reconciliation bridge.