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**Article**

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## Accounting rules resources impact on Jordan Islamic bank

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### Keywords

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### ABSTRACT

#### Purpose

Jordan Islamic bank faces choices to apply accounting data in its statements. There is need to explain the choice impact based on its resource in order to promoting its results to customers and sharers. This paper aims to propose exploring deference between Shari'ha accounting rule, government accounting rule, and IFRS, also shows the deference impacts on Jordan Islamic bank accounting data as practically case to promoting its results

#### Design/methodology/approach

Comparing between Shari'ah accounting data resource and law accounting resource practically by analysis Jordan Islamic bank (SSB) report and external auditor report, also analysis its financial statements accounting rules from 2010 -2016 in order to find managing choice of accounting data

#### Findings

Jordan Islamic bank managing has choice to apply assets by market price as fixed standard in order to meet Law and Shari'ha. When it used other law choices, it will get some advantages as use asset value based on depreciation to reduce tax, and use choice of historical price to avoid reducing of assets value by market pricing in future, also policies of accounting profit and distributing are impacted by manager choice to meet the bank continuous than common shareholders returns and customers returns.

#### Originality/value

- It explained problem of Islamic banks accounting based on deference of accounting data resources and showed the Figh Shai'ha accounting rules to meet the real needs of disclosure in Islamic banks.

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### 1. Introduction

Accounting standard is a rule to show operation accounting value in suitable amount, suitable time and suitable accounting item in organization financial table. Accounting standards become a rule to show value of organization assets, liabilities, equities, sales, costs, net profit after tax. When accounting standards and policies are difference between governments, international, organization and Shari'ha there will be different accounting evaluation. Ex: assets as machine may have three data. It may equal 100 because of historical price or equal 150 because of its market price or equal 96 because of reducing 4% as deprecation. When market price shows growth of assets deprecation show reduce of asset.

This deference of asset is done by deferent accounting policies. Jordan government gives bank right to reduce tax by deprecation of asset. International accounting standards give bank rights to show assets by maket price or historical price. This needs investigating and showing impact on Islamic banks. Drury, (2000) explained that deprecation failure value will cause internal failure cost which reduce quality standard of working to produce product reduce company reputation.

Some Islamic banks apply International Financial Report Standards (IFRS) because it is suitable to there ways of accounting and unit way of evaluation round the world as in Europe and Kuwait but countries as Bahrain apply Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) which apply

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(IFRS) and adds Zakat accounting standards (Amin, 2011). Some countries apply its local accounting standards as law based to government aims. There are problem of choosing account data based on it resource and problem of changing in this resource. "Accounting data standards can change from year to year. There are no limit standards ruling government companies, international companies and local companies" (IFAC, 2010:388).

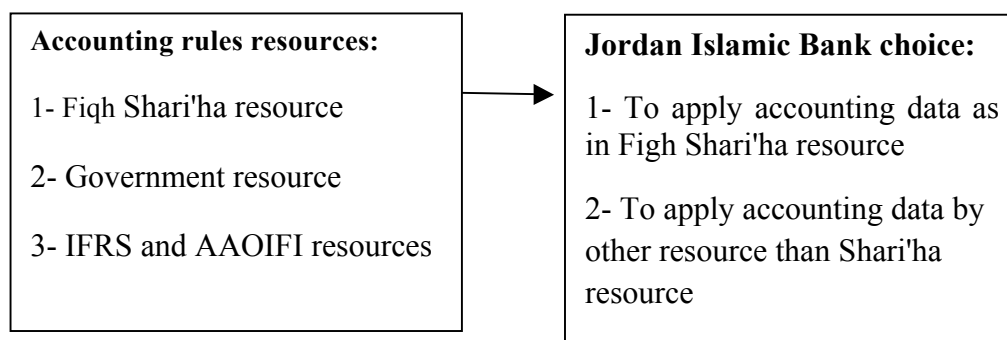
### 1.1 Literature Review:

Rahal, (2009) had compared between international auditing standards and Islamic auditing standards. He found that Islamic standards are general and not classified in groups or covers all aspects of audit which make auditing weak and Islamic standards must cover the international standards with other standards as Zakat. Macintosh and Quattrone, (2010) explained that external auditor needs imagination to understand behavior of agents involved by ask the questions: What the reason of apply depreciation type and what is the incredible relationship between reason and managers,

customers, creditors, governments, employees, and suppliers?

Atmeh and Serdaneh, (2012) tried to show the different depreciation rates affect in (Ijara Mountahia Betamleek contract) between AAOIFI (FAS 8) and theoretically studied to show different lease rates to transfer lease asset to lessee. Lucouw, (2013) suggested model to increase disclosure by recalculates financial statement items to what it could have been. Elsiefy, (2013) found the differences between Islamic banks and Traditional banks based on financial ratios as: liquidity, credit, risks, profitability and solvency which made impact of crises in different affection. Atma and Alzabi, (2014) found that discloser has problem because standards of international financial reports follow Principles – based more than rules- based which directs accounting data by manager rules . Jaber and Nazal (2016) discuss relationship between Sharia Supervisory Board internal auditor and external Auditor in Islamic banks in Jordan. They found possibility of gap as result to auditor misunderstanding Islamic rules and Sharia Supervisory board misunderstanding of auditing.

### 1.2 Model of study



## 2. Discuss accounting rules resources in Islamic banks

Islamic bank faces problem of difference between applying account data based on Shari'ah accounting data by Fiqh resource and law accounting data based on tax accounting by government resource or international accounting by IFRS resource or AAOIFI resource which cause different valuation.

Al Khaiat, (2000) was one of Supervisory Shari'ha Boards members in Jordan Islamic Bank. He canceled the contract that did not meet Islamic rules even the employee said he did not know Fiqh Shari'ha, and canceled returns because Islamic rules face ignorance, and harm. AS Shari'ha accept contract it impacts the bank operations success by profitability in order to proof that it can cover lose and risk, liquidity to buy liabilities at suitable time, Insurance trust dealing with customer, and sharing in economic developing (Ramadan, 1997). Atmeh and Abu Serdaneh (2012) concentrated on Islamic bank operations and found that misunderstanding of Islamic rules will give different accounting data.

Supervisory Shari, ha Board (SSB) members in Islamic banks are responsible on Fatwa and auditing. Fatwa rules acceptance of each service contract, steps,

and procedures based on Fiqh al-Shari'ha. It shows acceptance of current services, improving service, and developing services. (SSB) members are responsible on auditing of services accounting. Mashal (2011) studied governance of (SSB) to find its efficiency. He found (SSB) challenges to rule every service by Shari'ha rules and Shari'ha accounting. Challenges come because of difference Fatwa from Islamic bank to other. Fatwa was responsible to accept some services in some Islamic banks while it was refused these services in other Islamic bank. He found that competitions ability depend on choosing fatwa acceptance not on service quality. Bosaha et.at (2016) explained important of (SSB) as insurance to apply Islamic rules practically. Qatan (2008) explained needs to unit agree between Islamic banks (SSB) in order to get international services model. Al Saifi, et.at (2014) explained gap between (SSB) Fatwa and applying fatwa practically by Islamic bank staff. Jaber and Nazal (2016) explained the impact of shari'ha on accepting of service accounting. (SSB) responsible to accept accounting standards and policies as first step before external auditor start auditing.

**2.1 Discuss the impact of different accounting rules resources**

There are different opinions to apply (IFRS) in Islamic banks. Opinion of Asian Oceanian Standards Setter Group (AOSSG) is to separate of Islamic accounting standards from international accounting standards because some items not accepted in Shari'ha (AOSSG, 2010). Some efforts was done to make Islamic accounting standards up to Islamic selling contracts, sharing contracts, working contracts, renting contracts as (Accounting and Auditing Controls for Islamic Financial Institutions Standards, 2000). Atma and Ziad (2014) Said that there is problem of discloser because standards of international financial reports follow Principles – based more than rules- based which leads to apply the manager rules on accounting data. Jarhi, (2003) explained that different between Islamic banks and traditional banks are reason to apply different standards, also (Risk Management in Islamic Banking Conference, 2004) explained the problem of applying Basel of the difference between Islamic banks services and traditional banks.

Other opinions agree to apply (IFRS) because it units accounting standards round the world. (AAOIFI) accepts (IFRS) and added Zakat accounting standard (Amin, 2011).

Practically, Islamic bank accounting rules based on the following resources:

- 1- Fiqh Shari'ha accounting rules (Ahmed, 2002).
- 2- Local law (Civil Jordanian Law Explanatory Notes, 1992).
- 3- Leader aims of disclosure based on accounting policies choosing (Jackson. et at, 2010).
- 4- Traditional International accounting standards as (IFRS).

The different resources aims cause ignorance of accounting because every resource will direct account data to meet his aim. This will cause different accounting data in financial statement. Financial statement will be disclosure based on resource of account. There will be same financial statement but in different accounting data disclosure. Amount, date, and type of accounting data will be different based on the rule resource of accounting, see (table1):

**Table1: Inventory accounting resources**

	<b>inventory accounting resource</b>	<b>Aim</b>	<b>Disclosure</b>	<b>Disclosure ignorance</b>
<b>Auditing inventory accounting rules</b>	Fiqh Shari'ha accounting rules	To apply Shari'ha rules and prove Islamic bank inventory value to give rights as profit	Just Market price at time of evaluation and make financial statement	Disclosure based on giving al sharers right to get profit or get in lose based on fair price at time of evaluation. Disclosure account data is fixed in time of evaluation to distribute profit or get lose. The contract of sharing profit is depended on Mosharaka contract.
	IFRS	To choose accounting policy that give the aim, as using market price to show raising of assets as growth when market price is increasing or aim to limit decrease of inventory market price by use cost price to show decrease of possibility return for tax or try to balance between market price and cost price by take the average between it. Or use the fewer prices between market price and cost price in order to face risk of loses.	Can choose one of these ways as follow: 1-inventory cost price 2- inventory market price 3- (inventory cost price + inventory market price)/2 4- the less between cost price and market price	There are many accounting data of inventory. Disclosure has ignorance based on many choices which will give different amounts.
	Government accounting rules	Aim to raise getting tax based on evaluating inventory selling, or aim to reduce tax	Disclosure depend on financial leverage rule	Ignorance of applying tax has ways: To get tax as percentage from operation profit or to get tax as percentage from profit after interest

Resource: by authors

Ex: Suppose company has liabilities equal 300000 \$ which apply to by 30000 \$yearly, also it has equities equal 700000\$ which has been used to buy inventory in commercial organization. It has the prices as follow:  
 1- Cost price =1000000\$

2-market price at time of evaluation = 1200000\$

Impact of inventory accounting resources in balance sheet will show different asset and different equities, see figure1:

<b><u>First: Organization balance sheet accounting after owning inventory</u></b>	
	Assets 1000000\$      liabilities 300000\$  Equities 700000\$
<b><u>Second: Shari'ha accounting at time of evaluation to get sharers profit or lose</u></b>	
	Assets 1200000\$      liabilities 300000\$  Equities 900000\$  There is profit = 200000 which increased the equities
<b><u>Third: IFRS accounting at time of evaluation give manager choices which show different equities with ignorance</u></b>	
<b>Choice 1:</b>	<b>Choice 2 and 3:</b>
Assets 1200000\$      liabilities 300000\$  Equities 900000\$  There is profit = 200000 which increased the equities	Assets 1000000\$      liabilities 300000\$  Equities 700000\$  Because inventory equal cost t or equal the less between market price and cost price, there is no profit
<b>Choice 4:</b>	
	Assets 1100000\$      liabilities 300000\$  Equities 800000\$  Because inventory equal (market price + cost price)/2, there is profit= 100000\$
<b>Fourth: Government accounting rules based on financial leverage based on selling inventory</b>	
Suppose: It has to buy tax 10%	

<b>Choice 1: Government choice to get tax from profit before interest</b>	<b>Choice 2: Government choice to get tax from profit after interest</b>
Sales by market price 1200000\$ -	Sales by market price 1200000\$ -
Costs 100000	Costs 100000
profit before interest 200000 -	profit before interest 200000 -
Interest 30000	Interest 30000
Profit after interest = 160000	Profit after interest = 160000
Tax will be 10% from profit before interest Tax = 20000	Tax will be 10% from profit after interest Tax = 16000

Figure1: Impact of inventory accounting resources in balance sheet at time of evaluation

By comparing between resources of accounting, Project of selling goods or commercial organization that sells goods will make different inventory value. It reduces or decrease equities based on the resource of accounting aim. The problem is appeared when the resource accounting give different value of inventory to reduce sharers rights in equities, also reduce expect selling of inventory which will reduce net profit. This case impacts Islamic bank results on its shares market price, expect net profit, value of asset, and value of equities. Islamic bank customers and shareholders need fair to get real return within the time of sharing.

Shareholders and customers have reaction. The negative reaction comes in case of decreasing return, losing wealth, increasing cost of covering needs and not added economic value to markets sectors types. This case will cause low dealing in financial market and cause wealth immigration.

Rules of applying reserves and tax are negative affect on Shareholders and customers. It helps to protect wealth but it will not give fair return to courage investors to be shareholder or investing account customer.

### 2.2 Accounting of producing service cost in Jordan Islamic bank

There are government rules of accounting impact Jordan Islamic bank contracts as selling and leasing financing ( Ijara Muntahia Bittamleek). The rules obligates to get Stamps fees, transfer owning tax, and commission for every contract Also, there is universities fees, fees of provision for scientific research and vocational training, beside fees of education and vocation training support fund (Jordan Islamic Bank annual report, 2005:30). These fees decrease profit of shareholders and customer of investing accounts.

### 2.3 Accounting of distributed profit in Jordan Islamic Bank

After Jordan Islamic bank calculate the net profit in the Income statement, it has to distribute net profit after tax based on government accounting rules by the leader Jordan Center Bank. These rules concentrate on tax and reserves. Tax and reserve will be gotten partly after calculate Sharing Accounts net profit. It will by tax 35% to 40% then it will get 10% - 15% as Provision for cover the box of facing sharing investment account risk.

On other hand, Tax and reserve will be gotten generally from of income statement net profit. Tax equal 35% and it may increase to reach 40%. Reserves equal about 50% of net profit after tax, as 10% for obligatory reserve, 10% - 20% for voluntary reserve. By developing reserves, there are other reserves as adjusted profit reserve. Jordan Islamic bank has to limit distributed profit by reduces part of it as undistributed profit to increase equities.

Practically, there is expect that reserves will reduce risk and increase market price of Jordan Islamic bank shares yearly because of increasing reserves every year, also it will reach capital adequacy standard ratio (Jordan Islamic Bank annual report, 2005:29)

Government accounting rules impact applying Shari'ha accounting rules. shari'ha accounting rules is limited by investing time. Any project or company which has profit must be divided on sharers and customer investors. Therefore, if there is reserves from sharer profit or from investing customer account profit , it must be backed to them in case they ended there contract of sharing as customer investing close his account or share holder sell his shares in market.

Table 2: Factors that impact negatively Jordan Islamic bank shareholders and investing customers profit (millions)

Factors	2004	2005	2011	2012	2013	2014	2015	2016
Investment reserves and fair value reserve from unrestricted investment accounts	16.6	20.5	8.2	11.2	14.8	22.8	16.1	25.5
Box of facing investing	3.6	8	7.3	14.4	7.9	17.2	19.9	29.6

account risk								
Obligatory reserve	9.3	11.3	34.5	39.6	46.1	52.5	59.98	68.3
Voluntary reserve	2.5	4.6	13.8	8.9	15.4	6.8	14.2	22.6
Other reserves	3.0	3.0	3	-	-	-	-	-
The bank Investing reserve	-	0.1	0.7	0.7	0.7	0.7	0.7	1
The bank Investing fair value reserve	0/16	0.20	0.057	0.161	0.467	0.84	0.562	0.608
Retained Earning	1.3	10.3	54.0	54.3	67.7	71.33	85.63	100.1
Jordan universities fees	0.047	0.201	Was collected in general With difficult to understand because of merge it with tax					
Scientific research and vocational training fees	0.047	0.201						
Box Fees of vocational education and technical training	0.028	0.111						
Per Share profit	0.082	0.327	0.22	0.29	0.361	0.3	0.32	0.36

Resources: (Jordan Islamic Bank annual report, 2005: 56-57), : (Jordan Islamic Bank annual report, 2012: 88-89 and 139), (Jordan Islamic Bank annual report, 2015:90 and 140) (Jordan Islamic Bank annual report, 2016:94-95)

Millions had been gotten from shareholders profit and customers of investing accounts profit because of government accounting rules. The negative reaction of shareholders and investing account customers comes because of low profit as result to government law accounting of reserves. There is need to discuss reserves in shari'ha accounting.

### 3. Discuss accepting Shari'ha accounting in Islamic banks

Islamic bank and its companies have challenges of accounting based on different accounting resources. It is obligated to follow government accounting rules for local aims as taxes or commissions also it has to follow IFRS for international aims as classified risk . Shari'ha rules is voluntary accounting resource because of law obligated. The only way to apply shari'ha accounting is to choose is as rule for international accounting and law accounting principles.

Islamic bank is profitability organization. It uses shareholders capital in projects as sharing in Mousharaka contract also uses customers investing deposit in projects as sharing in Modarabah contract or Merge part of shareholders capital with customer investing deposits as Mousharaka contract. All Islamic bank projects is depend on selling contracts, leasing contracts, working contracts, and sharing contracts. It not deals by loan with interest as traditional banks. In theoretically studies, Islamic Bank projects are obligated by shari'ah accounting but practically, Government accounting law is the obligated. (SSB) members are responsible of applying Shari'ha accounting and cooperate with external auditor to give financial statements.

Practically, applying Shari'ah accounting rules for each project just happen in case IFRS and government accounting law accept Shari'ha accounting. In case Shari'ha accounting is not meet IFRS and government accounting, the financial tables will not give rights and duties fairly. Difference will cause different financial statement for same Islamic bank in same time or Shari'ha accounting will be voluntary use but government accounting law will be obligated as local legal and IFRS will be obligated as international; legal.

### 3.1. Impact of Islamic rule factors on Islamic banks accounting

Islamic banks have to apply the Islamic accounting standards as result to apply Islamic rules but not against the government law of accounting. Islamic bank has to show fair of Islamic accounting or it will loss the shareholders and customers support.

Fiqh is way of analysis contract to apply Islamic condition which rule accounting. Fiqh rule: "to rule something you have to imaginable it" this means ruling any contract has to understand its condition, procedures, and steps. Services in Islamic bank have two types as follow:

1- First type is to apply same service as in the Traditional bank because its contract, procedures, and steps is accepted by Fiqh Shari'ha, as transfer local currency service It is service depend on work of transfer local currency from place to other and get fixed commission, also current account service to protect deposit is same ruled. Way of meeting accept between Islamic bank and Traditional bank is depend on same aim, same procedures to open the account, and same rules of documented the account, therefore accounting rules will be same by (IFRS), government law, and Fiqh Shari'ha. This means accounting of duties and rights gives same result and controller can apply ratios and standards in Islamic bank as in traditional bank.

2- Second type to apply different service than Traditional bank because its contract, procedures, and steps are not accepted by Fiqh Shari'ha, as Sharing in Modarabah and Mosharakah. Result of sharing must be divided on sharers based on the accept percentage of profit they had agreed at time of sign the sharing contract. When any sharer decides to leave sharing as result to sell his assets or ended the contract, there will be shari'ha rule direct accounting by the condition: "Assets must be evaluated in sharing to find profit and lose when there is profit it must be divided based on the accept percentage of profit in the sharing contract". Sharer has right to get profit from reserves because it get part of his profit. Developing or improving Islamic bank contracts of services must meet Fiqh Shari'ha conditions. Fiqh Shari'ha obligate fixed rule is responsible to avoid harm. It relates to fair as give fair



value for assets. Fairness of value has just accepted by The flexibility condition based on sharer advantages as increase percentage of distributed profit from 40% to 50% but it must be fixed 50% at time of sign contract. Shares can not ask for salary because it is fixed rule to get return just fro profit. Flexibility conditions must not be against fixed condition. In this case it will cause terminates of the contract and cancels dealing. Flexibility is responsible on different data accounting in Islamic organization.

accepting sales price from market experts as ruler.

### 3.2 Comparing Sharing types between Islamic banks and traditional banks

There are some sharing types between Islamic banks and traditional banks but it is different as result to apply Islamic rules as avoid loan with interest from investing and returns. Some sharing types are different because it deals with real assets as goods. Sharing types is shown in the figure 2:

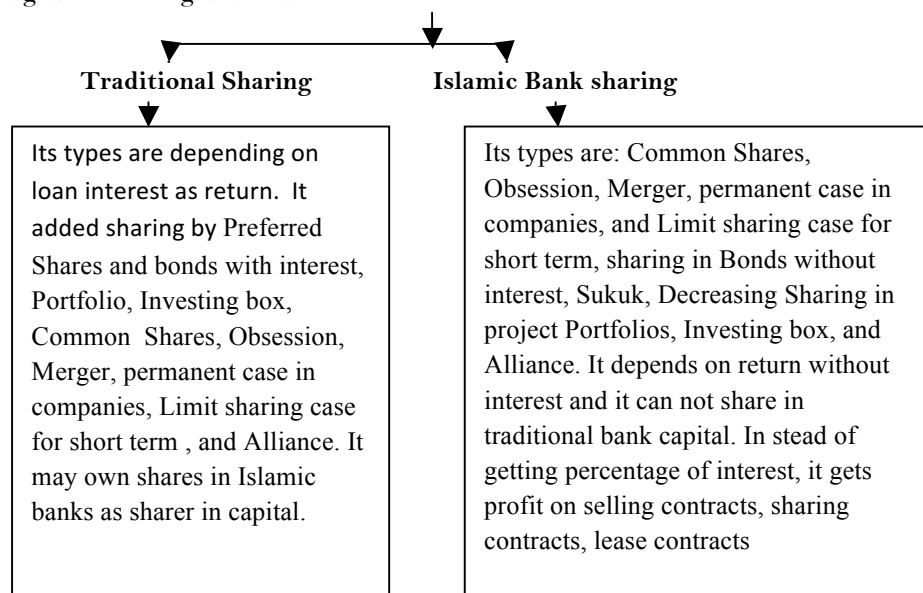


Figure 2: Sharing contracts types

### 3.3 Shar'ha original sharing types in Jordan Islamic bank

By developing sharing contract in Jordan Islamic bank, there are many sharing contracts in assets and equities. Equities include the capital to finance assets. Fufos (2010) explained type of mixing portfolios in Islamic banks. Mixing is depending on the management decision to make portfolio from investment accounts or make portfolio from shareholders capital and investment accounts customer. Sharing in Jordan Islamic bank has many ways:

- 1- Sharing between sharers capital
- 2- Sharing between investing account s deposits as limited sharing and unlimited sharing.
- 3- Sharing between sharers capital and investing accounts deposits
- 4- Sharing between Sukuk owners.

There types of sharing appear in balance sheet as in the table3:

Table 3: Sharing contracts in Jordan Islamic bank (millions)

Sharing services	Sharing types	2016	2015
Investment accounts in banks and banking institutes	Depend on the way of managing portfolio. It may be financed by Mosharakah between investors and shareholders or it may be financed by Modarabah between investment account customers and the bank. Mosharakah can make Modarabah contracts, selling, and lease.	41.7	46.3
Investments in companies by owning shares but less than 50% of capital shares		7.6	15
Building investment		110	108
Capital of equities		150	150
Limited investment		28	29
Moarada (Modarabah) Sukuk		368	338
Investment accounts with authorized		3	6

Resource: (Jordan Islamic bank annual report, 2016: 94-95)

The table explains Mosharakah contracts between the bank shareholders and investment accounts customers. All shareholders are sharer by capital to finance part of assets as sharer in sharing contract between each other. They authorized managers to work with their capital of sharing. Some shareholders sold their sharers as speculators but other shareholders own the shareholders for long term to get part of distributed profit.

Practically, Shari'ha accounting gives shareholders profit after evaluate assets based on condition:

- 1- (Kamal, 1986) said that price of service must be fixed in contract after signing and must not be changed by time or default to meet Shari'ha accounting rules.
- 2- Return of sharing is calculated based on return – cost.

2- Return is return of assets based on assets value growth by market price and return of using assets as using sharing capital in lease, selling, and small sharing to get return.

3- Sharers return depend on percentage of profit that accepted at sharing contract sign time.

4- Sharing return depend on time of sharing as year, therefore calculated of sharer profit percentage must be based on all return within this year as from 1/1/ 2017- 1/1 2018. Sharer in this case is not responsible about loss before 1/1/2017, also sharer is not responsible on loss which may happen after 1/1/2018.

5- In loss case Shari'ha account has rules to accept loss. It must be come with out tricks. Shari'ha applies rule of loss based on the sharing of capital as follow:

**Loss ×(Sharer capital / all sharers capitals)**

Mosharah is sharing by capital from all sharers and apply that ways of accounting based on size of capital. Modarabah is sharing between capitals from some sharers but other sharers will use it in investing as expert of business. He will be share by efforts.

Modarabah profit case is applying same as in Mosharakah. In case of lose Modarabah sharers by capital will get the lose but sharer by effort just lose his effort

6- Reserves come from sharers profit in order to increase investing or cover loss. Shari'ha accounting explained that reserves is own to sharers because it is part of their profit. Sharer accepts to transfer some of their profit to reserve but they still own his part of

reserve. Shar'ha account obligates auditor to give sharer his part of reserve in case of selling his shares.

**3.4 (SSB) report**

(SSB) report include acceptance of sharing and distributed profit. The form in 2016 was announced that:"Jordan Islamic bank contracts, operations and dealings which were done during the last year in 31/12/2016 and depend on our control were accepted by principles of Shari'ha Islamic rules. Distributed profit and reduce lose on investment accounts profits and Box of Facing investment risk is accepted with the basis that we depend to meet principles of Shari'ha Islamic rules acceptance'. (SSB) report is way to proof applying Shari'ha rules. Practically there is gap Because all (SSB)are members in Fiqh but not in accounting, also they are giving Fatwa as explain accept contract and its condition but they do not control every contract in Jordan Islamic bank. Because the members of (SSB) are just four persons and their control is limited by limit contracts (Jordan Islamic bank annual report, 2016: 82- 63)

Ex: accounting problem of depreciation: (IFRS) shows that International accounting standards no: 16, Item 37: depreciation evaluation has different ways affect on machines, equipments and other subject's. This will cause problem of real return as result to reduce depreciation. Jordan Islamic Bank income statement show reduces depreciation. (SSB) members have to apply depreciation based on assets market value in case of price was reduced but in case market price increased there will not be depreciation to be reduced. See table 4:

**Table 4:** Depreciation of equipments and owning (millions)

	2012	2013	2014	2015	2016
<b>Depreciation of equipments and owning</b>	3.3	3.7	4.25	6.67	6.87

Resource: Jordan Islamic Bank annual reports, 2016

Shari'ha accounting obligates market price as way to evaluate sharing. It will not accept any way of depreciation to make fair return from assets value and profit.

**4. Conclusions**

There are choices for the Manager to use accounting policies. Managing of Jordan Islamic bank has choice to apply assets by market price to meet Law and Shari'ha, besides giving fixed standard in order to avoid problem of standards changing by other resources than Shari'ha. When Managing of Islamic bank uses other choices it will get some advantages as use asset value based on depreciation to reduce tax and use choice of historical price (cost of asset) to avoid reducing value by market pricing in the future. The problem of this research directs Islamic bank to give two types of financial statements. One of them, based on Shari'ha accounting

for shari'ha reasons, and the other is based on financial statements for International reasons. The problem of this research directs Islamic bank to give two types of financial statements. One of them, based on Shari'ha accounting for shari'ha reasons, and the other is based on financial statements for International reasons. In case Shari'ha accounting is not meet IFRS and government accounting, the financial tables will not give rights and duties fairly. Difference will cause different financial statement for same Islamic bank in same time or Shari'ha accounting will be voluntary use but government accounting law will be obligated as local legal and IFRS will be obligated as international legal. Jordan Islamic bank shareholders and customers of investing accounts did not get fair return because of applying government accounting rules which transfer return to reserves and increase costs.

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