

## **The Comparison of Islamic Financial Reporting and International Financial Reporting in terms of Murabaha, an Islamic Financial Tool**

Accounting is a special language that provides financial information about the business to financial statement users. The convergences between globalized countries in the world in terms of politics, economics, technology and society have provided cross-border investment and trading opportunities. In this case, this affair has made the financial information that is generated by businesses necessary to be fit to bill, understandable, reliable and comparable.

Therefore, a single accounting language was needed to eliminate the differences in financial reporting between the national level to international level to make the information comparable. So, IAS, a revolution in finance and accounting, have been established.

However, there has been many difficulties in the implementation of this regulation for rapidly developing IFI which are based on Islamic law. In relation to this, although some standard regulators such as AAOIFI has stated that there isn't a confusion in using sharia rules on Islamic be used in Islamic financial transactions and have formulated some alternative accounting standards for certain operations.

The aim of this study to reveal the difference in recognition of Murabaha which is an Islamic financing tool between IFRS and FAS issued by AAOIFI.