

# Measurement And Disclosure Of Leases Ended Freehold With Ownership As A Tool For Financing In The Financial Statements Of Islamic Banks Application Of Alta Damon Sudanese Islamic Bank – 2020 -2021

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## **Abstract**

The study aims to identify the Measurement and disclosure of leases ended Freehold with ownership as a tool for financing in the financial statements of Islamic banks - and the application of Alta Damon Islamic Bank, where the problem was the study in that the measurement and disclosure of leases ended Freehold in Islamic banks in Sudan do not cope with Islamic and international standards which affects the validity and fairness of the financial statements of these banks.

The following question embodies the main problem on which the whole study is built:

Are measurement and disclosure of accounting operations for decades, including leases that ended Freehold are not consistent with the standard of financial institutions (8) and the International Standard No. (17) Affect the validity and fairness of the financial statements?

The study concluded that the measurement and disclosure of accounting operations for leases that ended Freehold contracts in Islamic banks are not consistent with the standard of the Accounting and Auditing for Islamic Financial Institutions (8) Leasing and leases ended. The study recommended the need to adhere to the requirements of measurement and accounting disclosure contained in the standard Muslim No. (8) With respect to measurement and disclosure leases ended contracts.

## **The general framework for the study**

### **Introduction:**

‘The style of leasing in particular, during the eighties remarkable growth and at the level of a major expansion in the size of the leasing market and the large number of leasing companies that took the launch of a variety of programs for the rental of fixed assets necessary for institutions operating in various economic sectors, the approach is influenced by the lease on this growth developments accelerated in the global markets in terms of the modified controls and universal these markets, and favorable changes in tax laws, and the revolution of renewable in the world of modern technology, and indicate the data available in this area that the rental market in the United States (the first in the launch of leasing programs) expanded about three times during the eighties (Imad Shehab, 2017), as it did in Japan increased leasing contracts at a rate of five times, and experiencing European markets also remarkable growth in the work of the lease on the different forms where the volume of investments funded through this type of financing instruments (15%) of new investments in Britain, and in the Arab region began leasing activities - especially lease -

appear in several Arab countries to meet the needs of companies and institutions to finance medium and long term, and is worth mentioning that the lease has taken effectiveness of during his stay in the financial markets operate under economic systems free or semi-free, making developments economic environment catalyst good for the growth of this type of financing instruments in third world countries, which has contributed to the development of the business environment, and raise the efficiency of institutions. (Financial Training courses, 2018).

We have accompanied this development (both at the global or regional level), increasing interest in the field of studies of accounting in an attempt to establish a set of standards that govern the accounting for leases in general, and the lease, in particular, so as to achieve consistency in the accounting treatments in the books and records of Hungarian and tenants, The result ensures measurement and disclosure of the business center in accordance with the generally accepted accounting principles.

In Sudan and in spite of the multiplicity of studies that focused on leases ended Freehold with ownership, but that all of these studies did not address the measurement and disclosure of

the lease contract ended with ownership as a tool for financing Islamic banks.

### **Problem of the study:**

The problem with the study is that the measurement and disclosure of leases ended Freehold in Islamic banks in Sudan are not consistent with Islamic and international standards which affects the validity and fairness of the financial statements of these banks.

This study raises the question:

1 / Is the measurement and disclosure of accounting for leases operations including IMB is not consistent with the standard number of financial institutions (8) and the International Standard No. (17) Affect the validity and fairness of the financial statements?

### **Objectives of the study:**

The aim of this study is to:

1 / identify the measurement and disclosure of the lease contract ended in the financial statements Islamic banks.

2/benefit from Islamic and international standards to address deficiencies in the processes of measurement and disclosure of accounting for leases IMB.

### **Importance of the study:**

The importance of the study is due to:

1 / lack of research and studies on this topic in the banking business environment in Sudan.

2 / the need to explain how and measurement and disclosure requirements for leases ending with ownership as a tool for financing in the financial statements of Islamic banks in Sudan as rented.

### **Hypotheses of the study:**

The study tests the hypothesis by:

1 / measurement and disclosure of accounting for leases operations including IMB is not consistent with the standard number of financial institutions (8) and the International Standard No. (17) Affect the validity and fairness of the financial statements.

### **Methodology of the study:**

Been relying on the historical method to describe previous studies and deductive approach to study the problem and descriptive analytical method for analysis procedures study data, using a method of quantitative data to learn how the measure and disclosure of leases ended with ownership as a

tool for financing in the financial statements of Islamic banks in Sudan.

### **Sources and data collection tools:**

1 / Preliminary data: include quantitative data (financial statements) and obtained from the bank under study.

2 / secondary data: including books, periodicals, studies, theses and annual reports for the relevant Islamic banks.

### **Society and the study sample:**

The study population consists of Islamic banks in Sudan has been selected Alta Damon Islamic Bank in the capital Khartoum, a representative sample of the community.

### **The limits of the study:**

Spatial boundaries: Alta Damon Islamic Bank - Khartoum.

Temporal boundaries: year 2020 - 2021.

### **Structure of the study:**

The overall framework of the study consists of:

- The general framework for the study
- Previous studies.
- The theoretical framework of the study.
- Field study.
- Conclusion (findings and recommendations).

### **Previous studies:**

#### **I / study Simon - 2015:**

This study addresses the method of leasing (Leasing) in Poland - one of Eastern European countries that have adopted the formerly socialist system, which is dominated by the State on all economic aspects, which now adopts a liberal order, and the study focused on these three axes: (Simon, 2015) .

(1) The role of leasing as a means to facilitate the privatization process (Privatization).

(2) Lease financing tool.

(3) An analysis of the problems faced by the method of leasing in Poland.

The study ended with for a number of results including the following:

(A) The leasing of the best way that facilitate the privatization process in Poland.

(B) Leasing is used as a means of financing in small enterprises, because leasing markets are

still in the stage of growth and development in Poland.

(C) The method of leasing in Poland faces ten important constraints linked to economic transformation.

(D) Faces a method of leasing in Poland great risk.

This researcher believes that the obstacles facing the leasing method is difficult to find solutions from within Poland, and suggests the use of Western countries that have experience in leasing.

It clear from this study that dealt with Simon as a method of leasing and financing role in the privatization process in Poland, while the researcher addresses this financing instrument in Sudan without considering their impact on the privatization process.

## 2/ Nidal study -2019:

This study examined the subject of guidance Accounting for Leasing in commercial banks Syrian, was aimed to study accounting problems associated with this type of contract through the presentation and analysis of the study of accounting issued by the Financial Accounting Standards Board (FASB) No. 13 and the possibility to take advantage of them to provide a proposal for processors accounting relating to leasing Lease in the Syrian commercial banks. The study used a questionnaire as a tool to collect data from the study population who took a sample of it consisted of 50 workers include managers, department heads and employees, the study concluded the importance of the activity of leasing for commercial banks Syrian study also demonstrated the weakness of the policy of commercial banks Syrian employ their money than has led to an imbalance in the balance between the two elements of liquidity and profitability, which in turn led to a decline in the rates of profitability of these banks, the study reported that the main reason is due to the lack of laws passed governing the employment policies of funds, which have not kept pace with major developments in the volume of cash deposits in banks commercial and investment banking available to its different forms.

The study recommended the following: (Nidal, 2019).

1- Work on a new law that allows commercial banks to exercise leasing activity to take advantage of the multiple advantages for either the lessor or lessee.

2 modify regulations and accounting rules and financial force in the banks to become more

flexible to meet the requirements of change and renewal possible.

3 application of the accounting treatment proposed by the researcher to enter accounting data associated with financing and leasing processed through the banking system of accounting in conformity with the principles and rules of international accounting.

It clear from this study that touched on the struggle of the problems of accounting for lease in the banking business environment in Syria, focusing on versions Standards Board of Finance, while the researcher addresses the measurement and disclosure of leases ended with ownership as a tool for financing in the financial statements of Islamic banks in Sudan.

## Theoretical framework for the study:

### The concept of the lease contract ended with:

**First:** "beneficial ownership, then ownership of the eye itself in the last period".

**Second:** "that the two parties agree on anything leasing for certain fare information may increase the fare goes on to finish transferring the ownership of the leased property to the lessee". (Mohamed Arafa, 2020).

**Third:** "titling benefit eye information, for information, followed by titling the eye on the status of information, in exchange for consideration known". (Shams Addin, 2019).

**Fourth:** "Leasing accompanied by the promise of the leased property ownership to the lessee at the end of the lease period or during and is selling ownership to the lessee invaluable real or symbolic price, or donated to the tenant".

Has been known Prof. Dr. Wahbah lease contract ended Freehold that:

"Two to contract on leasing contract, and pay the fare premiums, but that persevered to pay the rent for a certain period or for a number of installments in a timely manner to prevent the sale contract". (Wahba Zhali, 2017).

The following definition by Mr. Khalid Hafi, "a contract between two parties rents which one to last a particular commodity, versus fare paid by the tenant in installments, during a limited period, moving beyond ownership of the item to the lessee at stopper for the latest installment a new contract". (Saleh Ali, Dutt, 2016).

The researcher defines the lease as: "formula funding lease where the lessor owner. Originally beneficiary tenant and the fare is known for the unknown, to be construed to hold the asset to the

lessee gift, or a promise for sale at the end of the lease".

### **The legality of the lease:**

The evidence proved the legitimacy of the lease of the book, and the Sunnah, and consensus.

### **The importance of leasing:**

Leasing is a system of social terms which means that you can find out the middle class or classes economically vulnerable in society from getting dwelling without having to pay the costs of setting up this shelter. (Yahiya Copper,2018).

Leasing is a way by members of the community could benefit from some portables that cannot afford to purchase or possession.

The importance of the lease in addition to the above contracts lies in being more common among people, rarely find someone who does not have rented or rented directly or indirectly.

### **Sections of the lease (rent):**

Leasing is generally divided in to two main types, whether it is in accordance with the standards of Islamic or traditional norms, and in the following manner:

#### **First, according to Islamic standards:**

Islamic standards are divided broadly into: (AAOIFI, 2001).

1- Operating lease (which are not transfer ownership of the leased property).

2- Leases ended (where option grants have leased property). And divide the Islamic norms latter formula to several formats: -

A lease expires transferring the ownership of the leased property - if desired tenant in it - for a price is the amount that premiums paid rent for leased appointed within the period specified Leasing (donation).

B-lease gives the lessee the right to possess the leased premises at the end of the lease period in exchange for a symbolic price or the price is symbolic.

(C) Leasing the lessee the right to own the leased property during the lease contract in exchange for payment of the rest of the installments due in the lease contract.

(D) Leasing gives the lessee at the end of the lease period right in one of three options:

1- Owns the leased property for a price which takes into account the payment of premiums leasing.

2- Extend the duration of the lease for a further term lease premium less.

3- Re-leased property to the lessor "owner".

Notes that the Islamic standards do not distinguish between operating lease and the lease ended with ownership, but regarding the status of the promise of transferring the ownership of the leased property, and the effect appears at the end of the lease contract, and also notes that non-discrimination extends to also with regard to treatments accounting for the period prior to the expiration of the lease contract. (Mohammed Salah, 2012).

### **Secondly, according to international standards:**

Divided international standards (IAS) lease (Lease) for the two main types: (IFRS, 2004).

1- Operating lease (Operating Lease).

2- Capital lease (Finance Lease).

### **The advantages of the application of the lease contract ended:**

Lease provides a lot of advantages that may make it a good funding tool from the perspective of the tenant, and the area a good investment from the standpoint of the lessor and creates a convergence of these two perspectives on the advantages of the macro-economic level, and can review some of the advantages of lease as follows:

#### **First: the advantages of lease to the tenant:**

Some of the most important reasons that motivate companies to use lease financing in its capital assets: (Miner, 2010).

1- Possession and use of mechanisms without the need to freeze a large part of their funds in the event of any purchase of capital assets, and this provides the company's liquidity to enable it to finance other activities.

2- Any lease guarantees to finance new capital expansions in exchange for traditional bank financing is not required.

3- The lease is considered a reasonable cost and relatively lower compared with the tools of external financing (non-equity), and due to the low volume of the risks faced by the financier (lessor), which represent an important factor in determining the return on investment.

4 - lease provides a lot of the time that it takes to obtain financing, and this compared with other methods of financing such as issuing stock that need a lot of time, which may expose the

company to the inflationary effects if you wait until you get the funding through shares issued.

5- Tenant's lease is shown in a better position for as long as the possibilities of borrowing will retain ownership of the leased asset. (Samir 2011).

### **Second: the advantages of to the lessor:**

Lease provides many of the following most important features to the lease:

1- Helps manufacturer to reduce the high cost of credit in the event of the company resorted to discharge their products through the term.

2- provides leasing investment area is characterized by ensuring adequate and assured the company is to retain ownership of the leased capital assets leased, which protects the company in the event of insolvency or bankruptcy party tenant.

3- Check leasing company leased provided tax result in the right to keep the leased assets in their accounts and download the depreciation expense on the income statement.

4- Ensure the continuation of the lessee to the lessor in the operation of capital asset until the end of its useful life and pay the premiums, but also helps to get rid of the residual value of the asset at the end of the lease period, the lessee tempted to exercise the option of owning the asset. (Shawky, 2014).

Some tax systems in some countries, good features for investment in the lease as an encouragement for companies, where there are many countries where legislation is accordingly granted leased corporate tax exemption on profits resulting from rental assets. (Samir witness. 2002).

### **Third: the advantages of lease at the national level:**

1- small businesses that do not have adequate safeguards can obtain the necessary funding for the acquisition of productive assets, and to do this role of productive, economic and leads to increase the gross national product.

2- The existence of a tool such as rent Lease may do the role of financial markets and raise the efficiency by providing a number of financing instruments to suit the needs of different parties requesting funding, and this will reflect positively on the economic situation.

3- Runs lease on the accumulation of capital resulting from the direct purchase of assets.

4- does not cause a financial lease overwork the trade balance of the state if the existing funding a foreign company, where they do not have

National Investor (tenant) when buying equipment from abroad using a lease to pay all value at once, and the researcher sees the need for the State's interest in investing outside in this area and encourage him not inconsistent with the controls Islamic in this area. (Miner 2010).

### **The terms of the lease contract ended:**

Must be available in the lease contract conditions to be fulfilled in the contracts generally contained in the books of fiqh, and the conditions that concern us in this study and has aspects of accounting as follows: (Hussein Shehata ,2000).

1 - To be held by the lessor owned so that he can transfer benefits to the tenant.

2 - To be held by the source interpolation legally able to benefit.

3- Benefit to be held by the legally permissible.

4 - Benefit intended to be informed by the information and ignorance prevents the dispute.

5 - Lease money to be advanced and specific information.

6 - Be checked in order to hold both the lease and information.

7- Held free from defects which disturb the use of it in the time of conclusion of the contract, and if the defect occurred during the period of use, the lessor repaired or terminates the contract.

### **Leases IMB also carried out by Islamic banks and conditioning idiosyncratic to her:**

#### **First: The leases also carried out by Islamic banks:**

banking practiced formula leasing as one of the formats investment funds and financing business, and have evolved a remarkable development for the people need it, who shall Islamic bank to purchase a fixed asset required rental benefits at the request of the customer, and then leases it Leasing operational or Leasing leases ended with the promise or not promise to sell at the end of the term of the lease or in which, as the case.

We find that the wording of the lease ended with ownership in Islamic banks involves two separate contracts, namely: (Hussein Shehata ,2000)..

- Leasing contract mosquito-peer use fixed asset, which offsets the award of contracts religiously as the previous statement.

- Holding the promise of selling by the Islamic bank at the end of the term of the lease or before, this may be the promise of a binding or non-binding.

Notes from this place Covers the following matters:

- 1- Islamic bank owns the leased premises before the conclusion of the lease contract as well as for the whole decade.
- 2- Ownership is transferred to the lessee at the execution of a contract to sell the promise.
- 3- Ownership of the leased asset to be transferred the lessee by the end of the order to the contract if the two sides compromise on it.
- 4- Islamic bank bears the burden of depreciation of fixed assets leased to throughout the lease contract.
- 5- If it becomes fixed asset lessor is invalid for the use of his reason for the contract is not valid, and the Islamic bank to buy another asset or terminate the contract and make the necessary accounting adjustments.

### **Second: Operational procedures Leasing IMB. As the Islamic banks:**

These actions are as follows: (Hussein Shehata ,2000).

- 1- Offers the client application to the Islamic bank asks Rental origin accompanied by a certain set of documents.
- 2- The Islamic bank examines the request and with the documents of a comprehensive study in terms of:
  - Aspects of legitimacy: (I'm / perfume / Islamic primitives).
  - Technical aspects: (by specialists).
  - Profitability: In terms of profitability and risk.
  - The financial aspects: In terms of the ability to finance and guarantees.
  - Aspects of investment: in terms of its consistency with the investment plan for the Islamic Bank and the Central Bank.
- And submit such a report to the authorities the upper levels of management for approval if it considers the feasibility of it.
- 3- Adoption of the powers conferred upon the approval of the Islamic bank. This is by the amount of funding required for the purchase of the asset and the financial and investment regulations and instructions of the Central Bank.
- 4- Contract with the client is settled after approval.
- 5- Purchase of the asset required by the specifications set forth the client request.

It is noted that the Islamic bank at this stage may have originally desired lease, there is no violation of the legitimacy of the Islamic bank will help the client in the process of procurement, testing and receipt. But this account to the bank.

6 - Leasing contract and the receipt of collateral and delivery.

7 - Continuous monitoring of the leased asset.

8 - Conclusion of the contract of sale and transfer of ownership of the asset to the client in the case of execution of a contract to sell the promise. This includes the following: (Hussein Shehata, 2000).

- Settlement of the asset accounting.
- The conclusion of the contract of sale.
- Change the maintenance contracts and insurance on behalf of the client.
- Take the necessary measures to respond to customer guarantees.

### **Presentation and disclosure of accounting operations for leases according to the Basis of presentation and disclosure contained in the Islamic and international standards:**

Accounting disclosure means that publicity and publication of data and accounting information help to understand financial statements and reports and contains numbers of processors and requires not delete or concealment of any material fact or utility or importance in the decision-making for the average user.

### **The importance of accounting disclosure:**

"We have increased the disclosure requirements substantially in recent years for several reasons including": (Ahmad Lutfi ,2006).

- 1 - Complexity of the work environment.
- 2 - The need for immediate information.
- 3 - Accounting as a tool for supervision and control.

### **The objectives of the accounting disclosure:**

The goal of disclosure that the financial statements include the information that helps users of financial statements to direct their savings towards investment in plant yielding real economic rewarding which would entail an optimal distribution of economic resources limited. (Fida Mohammed, 2015).

### **Methods of accounting disclosure:**

Accounting disclosure is through financial statements is a system of mutual relations between the indicators they contain, which describe the financial position of the project at a certain date, and describe the economic activities of the accounting unit within a specified period. It is a set of accounting statements that reflect the

detailed data and the overall level of performance of the project and the fact that the financial position of the outcome of the result of the project activity during a specific time period.

### **The financial statements and fundamental Islamic banks in the four list, namely:**

- 1- The income statement.
- 2- Statement of financial position.
- 3- Statement of changes in equity.
- 4- Cash flow statement.

### **Presentation and disclosure leases ended Freehold:**

Reported Islamic standards - standard lease and lease ended No. (8) - and international standards - standard lease No. (17) - Several foundations for display and disclosure of leases ended Freehold in the financial statements, and we take it as follows: (AAOIFI, 2001, p 286)

1- Presentation and disclosure of leases ended Freehold as stated in the standard number of Islamic financial institutions (8) Leasing and Leasing IMB:

Disclosure requirements in the bank rented:

The bank should disclose in the notes to the financial statements for the total assets of the lease ended Freehold classified according to the main categories, less accumulated depreciation own - if any - at the balance sheet data (paragraph 85).

Disclosure requirements as a bank tenant:

Bank disclosed in the notes to the financial statements for any links related to leasing operations that occurred before the date of the balance sheet the current lease, but did not begin in the next financial period (paragraph 86).

2- Presentation and disclosure of leases ended Freehold as stated in IAS 17 Leases:

Contained in International Accounting Standard No. (17) Leases, several bases for display and disclosure of leases ended as follows: (AAOIFI, 2001).

### **For the lease must disclose the following:**

1 - Settlement between the total investment in leases as at the balance sheet date and the present value of the minimum lease payments on the same date. It also must disclose the total investment in the lease and the present value of the minimum lease payments for each of the periods:

- For a period not exceeding one year.

- For a period not exceeding one year and not more than five years.

- For a period not exceeding five years.

2 - Finance income is earned.

3 - Unguaranteed residual value accruing to the lessor.

4 - Custom rents doubtful.

5 - Conditional leases that have been recognized in the income statement.

### **The field study**

The author in this side of the methodology used in the implementation of this paper down to the results obtained and recommendations, and this methodology which is used by the researcher in order to become acquainted with the measurement and disclosure of leases ended with ownership as a tool for financing in the financial statements of Islamic banks in Sudan and that application of Alta Damon Islamic Bank, after the study to identify the problem and its various dimensions and eating the theoretical framework and idiosyncratic leases ended in Islamic banks.

### **Origins and evolution of Alta Damon Islamic Bank:**

I have chosen the experience of Islamic banks during the last decade of the last century in depth and firmness after that proliferated during the previous decade in many Muslim countries, paving the way for the lifting of embarrassment for Muslims in the banking system away from the prevailing interest religiously forbidden in conventional banks. To contribute a greater share in the development of the countries in which they arise and to provide various services to those sectors of the Muslim communities in accordance with the principles and tools is free legally.

Islamic Bank originated within this system with the amount of authorized capital: 400,000,000 Sudanese pounds and paid up capital amounted to: 81.53594 million Sudanese pounds for no work to contribute to the experience in practice, but also to participate the process effective in rooting for the work of Islamic banking in the dissemination of this thought in the surrounding inner and external, through different means. Bank began its work in March 1983 as the second Islamic bank in Sudan in conditions extremely complicated in light of the dominance of the conventional banks on banking activity in Sudan, but the praise of God and strength of the bank launched his way successfully earned him a good reputation both internally and externally (Annual Report of Alta Damon Islamic Bank, 2021).

Measurement and disclosure of lease ended the financial statements of Alta Damon Islamic Bank:

The measurement and disclosure of information about the activities carried out by Alta Damon Islamic Bank in the accompanying financial statements and notes to the financial statements, and in the following way:

### First: the balance sheet:

**Table (1)** Statement of financial position Year(2020 – 2021) Alta Damon Islamic Bank

2020 SD.D	2021 SD.D	Note	Assets
9.827.540.632	5.440.498.296	3	Net cash and equivalents
3.570.594.220	4.834.397.102	4	Cash reserve with the Bank of Sudan
13.398.134.852	10.274.895.398		
			Deferred sales receivables and investments
9.718.265.685	14.807.331.257	5	Deferred sales receivables
24.964.046.460	22.643.964.665	6	Securities and short-term investments
7.590.041.495	6.444.583.875	7	Investment deposits abroad
0	1.200.771.010	8	Speculation
1.101.835.154	313.104.743	9	Posts
1.267.524.908	2.560.135.715	10	Goods
166.379.038	116.356.104	11	Leasing assets ended
44.808.092.740	48.086.247.373		
1.024.592.499	1.419.043.002	12	Other assets
324.794.072	19.841.938.806	13	Contributions in other companies
2.114.673.719	2.463.819.890	14	Fixed Assets
3.464.060.245	23.724.801.698		
61.670.287.837	82.085.944.469		Total assets and credit balances

### Analysis of the researcher:

Assumes that researcher that the bank implements the standard Accounting and Auditing Organization for Islamic Financial Institutions No. (8) leases ended Freehold with ownership, was calculated annual depreciation for assets leases ended with ownership of 20% on a straight line in 2021, will be the annual premium =  $116.356.104 \times 20\% = 23,271,220.8$ . This installment at the end of the fiscal year must be deducted from the amount of assets the lease ended Freehold to show up in the net financial position, which show that the amount of 39.048.883.2 (a 116.356.104- 23,271,220.8), and accordingly, the total assets and other credit balances in the balance will decrease the amount of financial 23,271,220.8 shows total assets and other credit balances amounting 82.562.673.248.2 instead of 82.085.944.469.

### Second: the income statement:

**Table (2)** Income statement for the year (2020 - 2021)

2020 SD.D	2021 SD.D	Note	Income
1.258.730.630	1.486.306.980		Income
3.770.971.236	6.176.327.966		Deferred sales receivables
5.029.701.866	7.662.634.946		Investment income
			Total investment income and deferred sales
3.061.831.260.73	4.750.366.343.00		Raises dividend unrestricted investment account holders
1.564.173.186.72	2.191.685.305.00		Before deducting the share of the bank as a speculator
1.497.658.074.01	2.558.681.038.00		Raises dividend unrestricted investment account holders
3.532.043.792	5.103.953.907		Share of unrestricted investment account holders
1.875.576.424	2.023.798.687	22	The bank's share of investment income
0	89.937.686		Activity revenues
5.407.620.216	1.933.861.001		Raises the cost of sales
456.373.948	253.314.235	23	Gross Profit
5.863.994.164	7.291.129.143		Other income
2.513.088.095	3.330.976.163	24	
41.211.584	(11.772.585)		Less general and administrative expenses
3.392.117.653	3.948.380.395		Exchange differences

### Researcher analysis:

Refer to the table above (1), the researcher noted that the item general and administrative expenses did not include:

### I / expenses contracted with the client:

If suppose a researcher that the bank implements the standard Accounting and Auditing Organization for Islamic Financial Institutions No. (8) leases ended Freehold with ownership - and which stipulates that address these expenses as bearing on the income statement for the period in which they occur if a non-relative importance (little value) as if the relative importance (large value) must be distributed evenly over the financial periods covered by the contract - based on the foregoing, the amount of such expenses will increase from fiscal year expenses in the income statement, which leads to the reduction of profits.

### 2 / maintenance expenses for leased assets:

If suppose a researcher that the bank implements the standard Accounting and Auditing Organization for Islamic Financial Institutions No. (8) leases ended Freehold with ownership - and which stipulates that address these expenses as bearing on the income statement for the period in which they occur if a non-relative importance (little value) if the relative importance (large value) must be custom configured reforms and carries evenly on the income statement - based on the foregoing, the amount of such expenses will increase from fiscal year expenses in the income statement, which leads to the reduction of profits.

### 3 / depreciation of leased assets:

Since banks do not calculate the depreciation of the leased assets, they are based on this does not include the amount of depreciation shown in the



income share of assets leased from the depreciation, if the bank has to apply the application of standard Accounting and Auditing Organization for Islamic Financial Institutions No. (8) Leases ended Freehold with ownership - which stipulates that the lessor bank calculates depreciation of leased assets - to the back of the premium annual depreciation of leased assets, within the amount of depreciation of fixed assets of the bank, leading to an increase in expenditure item in the income statement and therefore on profits.

Through the display and analysis of the former and from what has been shown through the financial statements of the Bank of the Islamic Solidarity in 2006 illustrated the researcher that the hypothesis which states that (measurement and disclosure of accounting operations leases ended Freehold not in accordance with standard financial institutions No. (8) And ISPM No. (17) Affects the fairness and sincerity of the financial statements), are correct and the results can be generalized to the research community.

### Conclusion

The study is aimed to identify the measurement and disclosure of the lease contract ended Freehold with ownership as a tool for financing in Islamic banks in Sudan, and based on the results of the analysis of the financial statements of Alta Damon Islamic Bank in 2021 to study the findings and recommendations of the following:

#### First: the results found that:

- 1- Islamic banks do not apply the criterion of Accounting and Auditing Organization for Islamic Financial Institutions No. (8) Leases ended Freehold with ownership.
- 2- Islamic banks do not implement ISPM No. (17) Leases.
- 3- The measurement and disclosure of accounting operations for leases ended Freehold in Islamic banks is not consistent with the standard of Accounting and Auditing Organization for Islamic Financial Institutions No. (8) Leases ended Freehold with ownership.
- 4- The measurement and disclosure of accounting operations for leases ended Freehold in Islamic banks do not agree with the International Standard No. (17) Leases.
- 5- Accounting measurement processes leases ended Freehold consistent with the standard number of Islamic financial institutions (8) affects the financial statements.

- 6- accounting measurement operations Freehold leases ended in conformity with International Standard No. (17) affect the financial statements.
- 7- the study noted that the majority of Islamic banks in Sudan does not present a formula ) Leases ended Freehold with ownership within the Islamic formulas with which it deals.

#### Second: Recommendations the following are needed:

- 1- Applying the standard number of Islamic financial institutions (8) Leases ended Freehold with ownership in Islamic banks.
- 2- Adhering to the requirements of the measurement and accounting disclosure contained in the standard Islamic No. (8) With respect to measurement and disclosure of leases ended Freehold.
- 3- Banks make a depreciation of leased assets leases ended Freehold accordance with the policy followed by the Bank of depreciation for depreciation of other assets owned.
- 4- The banks leased assets in the budget in real terms, less depreciation.
- 5- Banks recognizes the expense and maintenance of the leased assets are recognized in the accounting books and uploaded to the income statement of the accounting period.
- 6- Encourage Islamic banks offering leasing formula leases ended Freehold formulas as one of the investment banks.
- 7- It is necessary to prove the expenses of hiring in the accounting books and download them to the list if the financial income for the period was of little value or distribution to the periods covered by the lease contract if a large value.

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