AI Training Dataset: FAS 28 Murabaha & SS 8 Murabahah

Introduction

This document provides training material for an AI agent on the AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) Financial Accounting Standard (FAS) 28 "Murabaha and Other Deferred Payment Sales" and Shari'ah Standard (SS) 8 "Murabahah." These standards are fundamental to understanding one of the most widely used Islamic financing modes, which is a cost-plus-profit sale. The objective is for the AI to understand the definitions, Shari'ah principles, applications, and accounting treatments related to these standards.

Section 1: Core Concepts and Definitions

1.1. FAS 28: Murabaha and Other Deferred Payment Sales

Definition (based on AAOIFI FAS 28):

Murabaha is a particular kind of sale where the seller expressly mentions the cost it has incurred on the commodities to be sold and sells it to another person by adding some profit or mark-up thereon. The term also covers sales where the payment is made on a deferred basis (Murabaha to the Purchase Orderer - MPO is a common application). FAS 28 specifically addresses the accounting treatment for such sales by Islamic Financial Institutions (IFIs).

Key Principles of Murabaha (from an accounting and operational perspective under FAS 28):

- **Asset Ownership and Possession:** The IFI must acquire title and (constructive or physical) possession of the asset before selling it to the customer. This is a critical risk-bearing step for the IFI.
- **Disclosure of Cost and Profit:** The cost price of the asset to the IFI and the profit margin (mark-up) are typically disclosed to the buyer (customer).
- **Binding Promise (Wa'ad):** In MPO, the customer issues a promise to purchase the asset from the IFI if the IFI acquires it based on the customer's specifications. This promise can be binding on the customer.
- **Deferred Payment:** Payments are usually made in installments over an agreed period. The total sale price (cost + profit) is fixed at the time of the contract and cannot be increased.
- **No Interest Component:** The profit is an integral part of the sale price and is not considered interest. Penalties for late payment, if charged, are typically directed to charity and not taken as additional income by the IFI.

- **Subject Matter:** The asset being sold must be tangible, identifiable, and exist at the time of sale from the IFI to the customer. It must also be a Shari'ah compliant asset.

Accounting Treatment Highlights (for an IFI as Seller under FAS 28):

- **Recognition of Asset:** When the IFI purchases the asset intended for a Murabaha sale, it is recognized as part of its inventory or assets held for Murabaha.
- **Recognition of Murabaha Sale and Receivable:** Upon selling the asset to the customer, the IFI derecognizes the asset and recognizes a Murabaha receivable for the agreed deferred sale price.
- **Recognition of Murabaha Profit:**
    - Profit is recognized over the period of the deferred payments.
    - FAS 28 suggests that profit should be recognized when the sale contract is signed if the IFI has fulfilled all its obligations and the risks and rewards have been substantially transferred. However, for deferred payments, profit recognition is often spread over the installment period, for example, using the effective profit rate method or on a time-proportionate basis.
    - Any rebate given for early payment reduces the Murabaha profit.
- **Collateral/Security:** IFIs may take collateral to secure the Murabaha receivable.
- **Handling Defaults:** Provisions are made for doubtful Murabaha receivables. Rescheduling of debt cannot lead to an increase in the agreed Murabaha price.

1.2. SS 8: Murabahah

Definition (based on AAOIFI SS 8):

SS 8 outlines the Shari'ah principles and conditions that must be met for a Murabaha sale to be valid. It emphasizes that Murabaha is a sale contract with a known and agreed-upon cost and profit margin.

Key Shari'ah Conditions for Murabahah (from SS 8):

- **Existence and Ownership by Seller:** The asset must exist and be owned by the seller (IFI) at the time of the Murabaha sale to the end customer. The IFI cannot sell what it does not own.
- **Possession by Seller:** The seller (IFI) must have taken possession (actual or constructive) of the asset before selling it. This ensures the IFI bears the risk associated with ownership, even if for a short period.
- **Clear Price Determination:** The cost price, profit margin, and final sale price must be clearly determined and agreed upon at the time of the Murabaha contract. Once agreed, the price cannot be increased.

- **Disclosure of Cost:** The seller must disclose the actual cost incurred in acquiring the asset to the buyer. This transparency is a hallmark of Murabaha.
- **Offer and Acceptance (Ijab wa Qabul):** A valid Murabaha contract requires a clear offer from one party and acceptance from the other.
- **Permissible Asset:** The subject matter of the Murabaha sale must be an asset that is permissible (Halal) under Shari'ah.
- **Promise to Purchase (Wa'ad) in MPO:**
    - It is permissible for the customer (purchase orderer) to issue a binding promise to buy the asset from the IFI after the IFI has acquired it.
    - The IFI and customer can also enter into a non-binding promise.
- **No Two Sales in One:** The transaction should not combine two sales in one contract in a way that makes one conditional on the other, leading to uncertainty (Gharar).

Relationship between FAS 28 and SS 8:

- SS 8 provides the Shari'ah framework, rules, and ethical guidelines that ensure Murabaha transactions are compliant with Islamic law. It defines what constitutes a valid Murabaha.
- FAS 28 provides the standardized accounting procedures for IFIs to record, measure, and disclose Murabaha transactions in their financial statements, ensuring these transactions are reflected in a manner consistent with Shari'ah principles and sound accounting practices.
- Compliance with SS 8 is a prerequisite for applying FAS 28. An invalid Murabaha from a Shari'ah perspective cannot be correctly accounted for as a Murabaha under FAS 28.

Section 2: Use Case Scenarios

Use Case 1: Basic Murabaha for Goods (Car Purchase)

- Scenario:
  Ali wishes to buy a car costing USD 20,000. He approaches "Noor Islamic Bank." The Bank purchases the car from a dealer for USD 20,000. Noor Islamic Bank then sells the car to Ali for USD 24,000 (cost of USD 20,000 + profit of USD 4,000), payable in 24 equal monthly installments of USD 1,000. The cost and profit are disclosed to Ali.
- Related Question:
  Is this a valid Murabaha transaction? How should the bank recognize the profit?
- **Provided Correct Answer:**
    - **Validity:** Yes, this is a valid Murabaha. The bank purchased the car (took ownership and possession) and then sold it to Ali at an agreed price (cost

plus profit), with payment deferred. The cost and profit were disclosed. This aligns with SS 8.
    - **Profit Recognition (FAS 28):** The total profit is USD 4,000. This profit should be recognized by Noor Islamic Bank over the 24-month installment period. Methods like the effective profit rate or a systematic basis (e.g., time-proportionate) would be used, as per FAS 28 guidelines for deferred payment sales. It should not be recognized entirely upfront at the point of sale if payments are deferred.

Use Case 2: Murabaha to the Purchase Orderer (MPO) for Equipment

- Scenario:
  "TechPrint Corp." needs a specialized printing machine. They request "Al-Yusr Islamic Finance" to procure it. TechPrint provides the specifications and issues a binding promise (Wa'ad) to buy the machine from Al-Yusr if Al-Yusr acquires it. Al-Yusr buys the machine from the manufacturer for USD 100,000. Al-Yusr then sells it to TechPrint Corp. for USD 115,000, payable over 36 months.
- Related Question:
  What is the role of the binding promise, and when does the actual Murabaha sale occur?
- **Provided Correct Answer:**
    - **Role of Binding Promise (Wa'ad):** The binding promise from TechPrint Corp. provides assurance to Al-Yusr Islamic Finance to proceed with purchasing the specified machine. According to SS 8, a binding promise is permissible in MPO.
    - **Murabaha Sale Occurrence:** The actual Murabaha sale contract between Al-Yusr and TechPrint Corp. occurs *after* Al-Yusr has acquired ownership and possession of the machine from the manufacturer. The initial request and promise are preliminary steps. The sale is concluded when Al-Yusr, as the owner, sells the machine to TechPrint.

Use Case 3: Murabaha with Security/Collateral

- Scenario:
  An IFI sells goods worth USD 50,000 (cost USD 40,000 + profit USD 10,000) to a customer on a 2-year deferred payment basis. Due to the amount and duration, the IFI requests the customer to provide a mortgage over a property as security for the Murabaha receivable.
- Related Question:
  Is taking collateral permissible in Murabaha, and how does it affect the nature of the transaction under FAS 28 and SS 8?

- **Provided Correct Answer:**
    - **Permissibility of Collateral:** Yes, taking collateral (Rahn) to secure a debt arising from a valid sale (like Murabaha) is permissible under Shari'ah (SS 8 acknowledges practices that secure debt).
    - **Effect on Transaction:** Taking collateral does not change the fundamental nature of the Murabaha sale. It is a risk mitigation measure for the IFI. FAS 28 allows for secured Murabaha receivables, and the accounting for the Murabaha sale and profit recognition remains the same. The collateral details would be disclosed in the financial statements if significant.

Use Case 4: Murabaha for Purchasing Raw Materials

- Scenario:
  "FineGarments Ltd." needs to purchase fabric worth USD 30,000 for its production cycle. They approach an Islamic bank. The bank buys the specified fabric from a supplier for USD 30,000 and sells it to FineGarments Ltd. for USD 33,000, payable in 90 days.
- Related Question:
  How does this facilitate business operations, and are there any specific considerations under SS 8?
- **Provided Correct Answer:**
    - **Facilitating Business Operations:** This Murabaha provides working capital financing for FineGarments Ltd., allowing them to procure raw materials without an immediate cash outlay, pay for them after a credit period, and use them in production.
    - **SS 8 Considerations:**
        - The bank must genuinely purchase and own the fabric before selling it.
        - The fabric must be clearly specified.
        - The sale price (USD 33,000) and payment terms are fixed.
        - The transaction helps the business acquire necessary inputs in a Shari'ah-compliant manner.

Use Case 5: Murabaha with Rebate for Early Payment

- Scenario:
  A customer has a Murabaha payable of USD 12,000 to an IFI, due in 12 months (original cost USD 10,000, profit USD 2,000). After 6 months, the customer decides to settle the remaining outstanding amount early. The IFI, as per its

policy (and as allowed by SS 8 if it's a voluntary rebate and not a pre-condition reducing the contracted price), decides to give a rebate of USD 300 from the remaining profit.

- Related Question:
  Is giving a rebate for early payment allowed in Murabaha? How is it accounted for by the IFI under FAS 28?
- **Provided Correct Answer:**
  - **Permissibility of Rebate:** Yes, it is permissible and often encouraged in Shari'ah for the seller (IFI) to voluntarily give a rebate (Ibra') on the profit portion if the buyer settles the debt early. SS 8 allows for this as long as it's not a contractual obligation that reduces the agreed sale price from the outset (which would create uncertainty).
  - **Accounting Treatment (FAS 28):** The rebate given (USD 300) reduces the total Murabaha profit recognized by the IFI. The IFI would adjust its recognized/unrecognized profit accordingly. The receivable would be settled at the net amount after the rebate.

Use Case 6: Murabaha Default and Rescheduling

- Scenario:
  A customer defaults on Murabaha installments. The outstanding Murabaha receivable is USD 5,000. The IFI and customer agree to reschedule the payments over a longer period.
- Related Question:
  Can the IFI increase the total Murabaha price (add more profit) due to the rescheduling? What are the Shari'ah implications (SS 8)?
- **Provided Correct Answer:**
  - **Increasing Price:** No, the IFI cannot increase the total agreed Murabaha price. The original sale price (cost + profit) is fixed at the time of the contract. Increasing it due to delay or rescheduling would be tantamount to Riba (interest), which is prohibited.
  - **Shari'ah Implications (SS 8):** SS 8 is strict on the fixed nature of the Murabaha price. While rescheduling payment terms is allowed, it cannot be a basis for increasing the debt amount beyond the originally agreed sale price. The IFI may charge penalties for delinquency, but these are typically for charitable distribution, not as income.
  - FAS 28 requires provisioning for doubtful debts but does not allow for increasing the receivable amount beyond the original contract price due to rescheduling.

Use Case 7: Murabaha in International Trade (Import Financing via Letter of Credit)

- Scenario:
  An importer needs to import goods. An Islamic bank facilitates this by opening a Letter of Credit (L/C). The bank pays the foreign exporter upon shipment (acquiring title to the goods under the L/C terms). Once the goods arrive and documents are cleared, the bank sells the goods to the importer on Murabaha terms (cost of goods + L/C charges + bank's profit), with payment deferred.
- Related Question:
  How does Murabaha integrate with a Letter of Credit in this scenario, ensuring compliance with SS 8?
- **Provided Correct Answer:**
  - **Integration:** The L/C is a mechanism for payment assurance and document handling. The Islamic bank, acting as the issuing bank, ensures it acquires ownership of the goods (e.g., through bills of lading consigned to it) from the exporter. This step is crucial for SS 8 compliance.
  - Once the bank owns the goods, it can then enter into a separate Murabaha contract to sell them to the importer. The cost for Murabaha purposes would include the price paid to the exporter and other direct import-related costs incurred by the bank.
  - The key is the sequence: bank's ownership first, then Murabaha sale to the importer.

Use Case 8: Murabaha for Financing Construction Materials

- Scenario:
  Mr. Haris is building a house and needs construction materials (cement, bricks, steel) in phases. He approaches "Bait Al-Khair Bank." For each phase, Mr. Haris identifies the materials needed. The bank purchases these specific materials from suppliers. After purchase, the bank sells these materials to Mr. Haris at cost plus an agreed profit margin, with payment deferred or due upon completion of that phase.
- Related Question:
  Is this phased Murabaha for materials permissible under SS 8, and how would FAS 28 apply to the bank?
- **Provided Correct Answer:**
  - **Permissibility (SS 8):** Yes, this is permissible. Each phase can be treated as a separate Murabaha transaction or a series of Murabaha sales under a master agreement. The critical Shari'ah conditions (bank's ownership

    and possession of materials before selling each batch, clear price, disclosure) must be met for each batch of materials.
  - **FAS 28 Application:** The bank would account for each Murabaha sale separately. It would recognize assets (materials) when purchased and then recognize Murabaha receivables and profits (appropriately spread if payment is deferred) upon each sale to Mr. Haris.

Use Case 9: Murabaha with Multiple Assets in One Contract

- Scenario:
  A small business wants to equip its new office. It requests an Islamic bank to finance the purchase of 5 computers, 3 printers, and office furniture. The bank purchases all these specified items from various suppliers. The total cost incurred by the bank is USD 10,000. The bank then sells all these items as a single package to the business for USD 11,800, payable over 18 months.
- Related Question:
  Can multiple assets be sold under a single Murabaha contract? What are the requirements?
- **Provided Correct Answer:**
  - **Permissibility:** Yes, multiple assets can be bundled and sold under a single Murabaha contract, provided all assets are clearly specified, the bank acquires ownership of all of them before the sale, and the total cost and total profit margin for the bundle are agreed upon.
  - **Requirements (SS 8 & FAS 28):** The bank must ensure it has title to all individual items. The cost of the bundle must be ascertainable. The sale to the customer happens after the bank has consolidated ownership. FAS 28 would apply to the recognition of the total receivable and the spreading of the total profit.

Use Case 10: Murabaha Involving a Third-Party Agent for Asset Purchase

- Scenario:
  A customer wants a specific imported machine. The Islamic bank, lacking expertise in sourcing this machine, appoints an agent (who could even be the customer, under specific agency (Wakalah) terms where the customer acts as an agent to buy for the bank, not for himself initially) to identify and purchase the machine on the bank's behalf, using funds provided by the bank. Once the agent purchases the machine for the bank and the bank confirms ownership, the bank sells the machine to the customer on Murabaha terms.

- Related Question:
  Is the use of an agent (especially if it's the customer) permissible in acquiring the asset for Murabaha, and what are the critical controls (SS 8)?
- **Provided Correct Answer:**
  - **Permissibility of Agency (Wakalah):** Yes, an Islamic bank can appoint a third-party agent to purchase the asset on its behalf. It is also permissible for the customer to act as this agent, provided a clear distinction is maintained between the customer's role as an agent for the bank (in purchasing) and their role as the ultimate buyer from the bank.
  - **Critical Controls (SS 8):**
    - A clear agency agreement (Wakalah) must exist, specifying the agent's role and responsibilities to purchase the asset for the bank.
    - The funds used by the agent must be from the bank or clearly designated as the bank's funds.
    - The purchase by the agent must be in the bank's name or for the bank's account. The bank must assume ownership and associated risks *before* the Murabaha sale.
    - The Murabaha sale contract is separate and subsequent to the bank's acquisition of the asset via the agent.
    - Proper documentation is crucial to separate the agency phase from the Murabaha sale phase.

Section 3: Reverse Transactions (Inducing FAS/SS from Financial Entries/Observations)

Reverse Transaction 1

- **Financial Entries/Observations:**
  - IFI records: Debit "Inventory - Goods for Murabaha" $10,000; Credit "Cash/Payable to Supplier" $10,000.
  - Shortly after, IFI records: Debit "Murabaha Receivable - Client X" $11,500; Credit "Inventory - Goods for Murabaha" $10,000; Credit "Unearned Murabaha Income" $1,500.
  - Monthly entry: Debit "Unearned Murabaha Income"; Credit "Murabaha Profit Recognized."
- Relevant FAS/SS to be Induced:
  FAS 28 "Murabaha and Other Deferred Payment Sales," SS 8 "Murabahah."
- Provided Correct Answer/Explanation:
  This sequence clearly indicates a Murabaha transaction.
  - Entry 1: IFI purchases and holds an asset intended for Murabaha sale.

    - Entry 2: IFI sells the asset to a client at a marked-up price ($11,500, which is $10,000 cost + $1,500 profit) on a deferred basis, creating a receivable. The profit is initially unearned.
    - Entry 3: The unearned income is recognized as profit over time, consistent with FAS 28 for deferred payment sales. This structure aligns with SS 8 requirements of bank ownership before sale and an agreed cost-plus-profit price.

Reverse Transaction 2

- Statement/Observation:
  A bank's product brochure describes "Cost-Plus Auto Financing." It states the bank will purchase a car chosen by the customer and then sell it to the customer at an agreed price, including the bank's profit. Payments are in installments. The cost of the car to the bank is disclosed to the customer.
- Relevant FAS/SS to be Induced:
  FAS 28 "Murabaha and Other Deferred Payment Sales," SS 8 "Murabahah."
- Provided Correct Answer/Explanation:
  "Cost-Plus Financing" with disclosure of cost and profit, bank purchasing first, and then selling to the customer on deferred terms are all defining characteristics of Murabaha as per SS 8 and accounted for under FAS 28.

Reverse Transaction 3

- Financial Entries/Observations:
  An IFI's balance sheet shows a significant asset line item: "Deferred Sale Receivables." The notes to financial statements explain that these primarily arise from sales of goods where the institution acquires goods based on customer requests and sells them at a mark-up, with profit recognized over the installment period.
- Relevant FAS/SS to be Induced:
  FAS 28 "Murabaha and Other Deferred Payment Sales." SS 8 principles underpin these sales.
- Provided Correct Answer/Explanation:
  "Deferred Sale Receivables" arising from acquiring goods and selling them at a mark-up based on customer requests is a classic description of Murabaha to the Purchase Orderer (MPO). The profit recognition method also aligns with FAS 28.

Reverse Transaction 4

- Statement/Observation:
  A customer applies for financing to buy equipment. The bank requires the

customer to sign a "Promise to Purchase" document. Subsequently, the bank issues a purchase order to a supplier for the equipment. After delivery from the supplier to the bank, the bank executes a new "Sale Agreement" with the customer for the equipment at a higher price than what the bank paid.
- Relevant FAS/SS to be Induced:
  FAS 28 "Murabaha and Other Deferred Payment Sales" (specifically MPO), SS 8 "Murabahah."
- Provided Correct Answer/Explanation:
  The sequence: Promise to Purchase (Wa'ad), bank purchases asset, then bank executes a separate sale agreement with the customer at a marked-up price. This is the standard process for Murabaha to the Purchase Orderer, compliant with SS 8 and accounted for under FAS 28.

Reverse Transaction 5

- Statement/Observation:
  A customer complains that an IFI is charging "additional profit" because their Murabaha installment was late. The IFI's policy states that a fixed late payment penalty is charged and donated to charity.
- Relevant FAS/SS to be Induced:
  SS 8 "Murabahah" (regarding prohibition of increasing price for late payment). FAS 28 would guide accounting for the original receivable and any provision for delinquency.
- Provided Correct Answer/Explanation:
  The core Murabaha price cannot be increased due to late payment (SS 8). The IFI's policy of charging a penalty for charity is a common Shari'ah-compliant mechanism to discourage late payments without resorting to Riba. The AI should recognize that the original Murabaha profit remains fixed.

Reverse Transaction 6

- **Financial Entries/Observations:**
  - IFI advances funds to its agent: Debit "Advances to Agent for Murabaha Asset Purchase" $50,000; Credit "Cash" $50,000.
  - Agent confirms purchase on behalf of IFI. IFI records: Debit "Inventory - Goods for Murabaha" $50,000; Credit "Advances to Agent for Murabaha Asset Purchase" $50,000.
  - IFI sells goods to end-customer: Debit "Murabaha Receivable" $58,000; Credit "Inventory - Goods for Murabaha" $50,000; Credit "Unearned Murabaha Income" $8,000.

- Relevant FAS/SS to be Induced:
  FAS 28 "Murabaha and Other Deferred Payment Sales," SS 8 "Murabahah" (with Wakalah/agency).
- Provided Correct Answer/Explanation:
  This shows a Murabaha transaction where the IFI used an agent (Wakalah) to procure the asset.
  - Entry 1 & 2: Bank funds agent, agent buys for bank, bank records asset. This is a valid step under SS 8 if agency rules are followed.
  - Entry 3: Bank sells the asset (now owned by it) to the end customer on Murabaha terms. This is consistent with FAS 28 and SS 8.

Reverse Transaction 7

- Statement/Observation:
  An IFI's income statement shows a line item "Profit from Cost-Plus Sales." The notes explain this income is derived from selling commodities and assets where the cost and profit margin are agreed with the customer at the outset, and payment is received over time.
- Relevant FAS/SS to be Induced:
  FAS 28 "Murabaha and Other Deferred Payment Sales." The underlying transactions would need to comply with SS 8.
- Provided Correct Answer/Explanation:
  "Profit from Cost-Plus Sales" with agreed cost and profit margin, and deferred payment, is a direct description of Murabaha income. FAS 28 dictates how this profit is measured and when it's recognized.

Reverse Transaction 8

- Financial Entries/Observations:
  A customer makes a final Murabaha installment. The IFI's records show: Debit "Cash" $500; Credit "Murabaha Receivable" $500. Simultaneously, the IFI records: Debit "Unearned Murabaha Income" $50; Credit "Murabaha Profit Recognized" $50, relating to this final installment. The IFI also gives a voluntary rebate for consistent early payments throughout the tenor: Debit "Murabaha Profit Recognized" (or a separate expense account "Rebate on Murabaha Profit") $100; Credit "Cash/Murabaha Receivable" $100.
- Relevant FAS/SS to be Induced:
  FAS 28 "Murabaha and Other Deferred Payment Sales," SS 8 "Murabahah."
- Provided Correct Answer/Explanation:
  This shows the tail end of a Murabaha:

    - Collection of installment and recognition of the profit portion for that installment (FAS 28).
    - The voluntary rebate given by the IFI is permissible under SS 8 and reduces the overall profit recognized from the transaction (FAS 28).

Reverse Transaction 9

- Statement/Observation:
  An IFI has a policy that for all "deferred asset sales," the asset must first be delivered to the IFI's warehouse or its title unequivocally transferred to the IFI before any sale contract is signed with the end customer. The sale price to the customer includes the IFI's acquisition cost and a pre-disclosed profit percentage.
- Relevant FAS/SS to be Induced:
  SS 8 "Murabahah" (emphasizing ownership and possession). FAS 28 would govern the accounting.
- Provided Correct Answer/Explanation:
  The policy emphasizes the IFI's prior ownership and possession (actual or constructive) before selling to the customer, and the cost-plus-profit pricing with disclosure. These are critical Shari'ah requirements for Murabaha as per SS 8.

Reverse Transaction 10

- Financial Entries/Observations:
  An IFI's risk management policy for "trade financing sales" mentions that the institution bears the risk of asset destruction or price fluctuation from the point of purchase from the original supplier until the point of sale to the financing customer.
- Relevant FAS/SS to be Induced:
  SS 8 "Murabahah." This risk-bearing is a consequence of ownership.
- Provided Correct Answer/Explanation:
  The IFI bearing the risk of the asset after purchasing it from the supplier and before selling it to the customer is a crucial indicator of true ownership by the IFI. This is a fundamental requirement of SS 8 for a valid Murabaha. If the IFI did not bear this risk, the transaction might be questionable. FAS 28 accounting would follow once a valid Murabaha sale occurs.

Section 4: Conclusion for AI Training

The AI agent should learn to:

1. **Identify** transactions that qualify as Murabaha or Murabaha to the Purchase Orderer under SS 8 and FAS 28.

2. **Understand** the core Shari'ah principles: IFI's prior ownership and possession of the asset, fixed and disclosed cost and profit margin, deferred payment terms without interest, and the nature of the promise (Wa'ad).
3. **Differentiate** Murabaha from other sale or financing types (e.g., interest-based loans, Musawamah (bargaining sale where cost is not disclosed), Ijarah).
4. **Recognize** the correct sequence of events in a Murabaha to the Purchase Orderer (promise, bank's purchase, bank's sale).
5. **Apply** these principles to analyze use cases and interpret financial data/statements to determine the correct Shari'ah classification and the implications for accounting under FAS 28, especially regarding profit recognition and receivable management.
6. **Understand** the impermissibility of increasing the Murabaha price for late payment and the permissibility of voluntary rebates for early payment.
7. **Bridge the gap** between AI-generated answers and the provided correct answers by learning from the examples.

This dataset provides a foundational understanding of Murabaha. Further training with more diverse and complex scenarios, including variations and potential compliance issues, will enhance the AI's proficiency.