

Accounting Treatment of Sukuk Instruments under IFRS and the Challenges of Shariah Compliance

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Abstract

Background: The study aims to review the accounting treatment for Sukuk instrument in IFRS to outline the challenges in Shariah compliance and provide its solutions. The study has focus on clarifying the use of Sukuk as an instrument to generate better use of IFRS in handling the Shariah compliance. The role of IFRS 9 is helpful in measuring the fair value and understanding the idea of business model cash flow characteristics under the parameters of IFRS 9. **Method:** The study adapts primary and secondary methods to support the data and make sure that the mixed method is used. The secondary data is taken from literature while primary from the 150 respondents through questionnaire. The Smart PLS is used for the results and statistical operations. **Findings:** It has been found that the influence of IFRS 9 is a positive while handling the challenges of a Sharia perspective that needs to be addressed under the privilege of a sukuk instrument. Sukuk Msuhkarah is recorded for significance whereas Sukuk Ijarah for partial significance and Sukuk Wakalah for less significance on the context of Shariah. It is also successful in clarifying the idea that how possible IFRS classifications of hotel value through profit and loss can be applied under these instruments. **Recommendations:** Using monitoring and editing processes can be helpful because a perfect audit is required while dealing with the challenges of Sharia. Further, handling the challenges of Sharia in dealing with the perspective of financial statements handling.

Keywords: Accounting Treatment, Sukuk Instrument, IFRS 9, Challenges, Shariah Compliance

INTRODUCTION

Background

Tawfik & Elsayed Ghazi (2023) refers that Sukuk instrument mentions the undivided ownership for touchable assets that is helpful in handling the financial duties under IFRS 9. Using this instrument in dealing the misalignment of Sharia principles can be a help because it offers economic facilitation legally. In link to this, Al-Zaqeba & Basheti (2024) reflects that

there exist a risk of profit sharing and interest based concerns in handling the context of Sharia in Islamic banking that can be sorted out with the justifications based on acid backed structures and managerial applications to handle the credit. Using Sukuk instrument is a helping hand not only to understand the loopholes of conventional Islamic banking but also to emphasis on application of International Financial Reporting Standard (IFRS) policy instrument in handling this challenge (Ramadan et al., 2025; Jiannan et al., 2024). Islamic finances formula is based on sukkot that is helpful in understanding the risks and revealing the perspective of liquidity and other managerial applications. The role of a Sukuk is important where researchers claim that they are helpful in handling the financial frameworks and offering risk management for conventional Islamic financial banking.

Problem Statement

Ramadan et al. (2025) reviews the idea that accounting treatment under IFRS 9 involves the application of financial liabilities and asset handling based on sukuk. This is a purposeful approach to reveal the idea that how things can be handled and better utilization of liabilities are applicable while meeting the challenges of modern banking. In a contrasting review, Morshed et al. (2024) added that the role of IFRS 9 is helpful in measuring the fair value and understanding the idea of business model cash flow characteristics under the parameters of IFRS 9. The study focus on understanding the good utilization of how IFRS 9 because it reviewing it is helpful in revealing the idea of Sharia applications and understanding its utilization in the modern banking for Islamic financing system. A clear picture of her cash flow equivalent is available now when interest is possible to do and handle the Islamic financial whereas dealing with the challenges of a true risk sharing in Islamic finance involves the perspective that emphasis on the utilization of banking tools.

Aim and Objectives

The study aims to review the accounting treatment for Sukuk instrument in IFRS to outline the challenges in Shariah compliance and provide its solutions. The study has focus on clarifying the use of Sukuk as an instrument to generate better use of IFRS in handling the Shariah compliance.

The study objectives are:

1. To review the accounting treatment for Sukuk instrument in IFRS
2. To reveal the challenges in Shariah compliance in IFRS
3. To recommend better suggestions for using Sukuk in handling Shariah challenges

Research Questions

The study has following research questions:

1. How to use accounting treatment for Sukuk instrument in IFRS?
2. What are major challenges in Shariah compliance in IFRS?
3. Which approaches can help using Sukuk in handling Shariah challenges?

Significance

The study has significance what you are providing a clear picture of IFRS foundations in understanding the utilization of Sharia compliance. Sukuk is outlined as an important instrument to handle the accounting treatments that

is helpful to reveal some new opinions and utilize purposeful applications of IFRS successfully in Sharia handling. Keeping in view the practical role of these foundations, previous literature revealed a limited content where Ramadan et al. (2025) reviews the major use of for Firefox in understanding the utilization of Sukuk instrument whereas Gukbakhor (2025) reviews a limited opinion about IFRS. Some other studies are like Pierce (2020) and Jiannan et al. (2024) reviews firm accounting and its application in banking sector. This shows that it is essential to conduct a comprehensive study to understand the utilization of a major instrument of analysis for handling the data about sukuk applications in handling the Sharia compliance with IFRS. The study meets the literature gap by understanding the utilization of analysis and revealing good approaches in handling challenges of Sharia.

LITERATURE REVIEW

Theoretical Framework

Sukuk is shariah compliant plan that is helpful in understanding the utilization of investment an undivided where the use of tangible assets is possible in handling conventional interest bearing bonds. It depends on the idea of understanding avoidance of interest and uncertainty where gambling is discouraged by enhancing profit sharing and rental supporter for the assets (Pierce, 2020). This reveals the idea of using interest free banking based on Sharia complaints understanding and certification where theory applies the utilization of a better model based on Islamic policies and principles to offer interest free banking (Ramadan et al., 2020). The role of IFRS is important in encouraging the idea that how fluency is possible in dealing the challenges of Sharia compliance and managing the uncertainty and interest principles.

Sukuk Instrument and Accounting Treatment

IFRS (2016) reviews Sukuk in the shariah banking where it explains the use of Sukuk as an important instrument in handling the compliance challenges. The role of Sukuk is valuable as it supports interest free banking based on lease control and lease back agreement under Ijarah. The use of Musharakh for partners handling is under Sukuk that encourage the use of capitals for the projects and dealing with the profit and loss principles. This involves use of ownership with using the registration for holders in equity. It offers returns as profit as per ownership percentage where such sukuk us also referred as rabbul-mal. It supports investment where ownership mention the organization support and liking in dealing the committer issues (Arsyi, 2023; Morshed et al., 2024). The use of Sukuk is helpful while handling the Wakalah or Agency plan that emphasis on the management of assets based on share for the certificate holders. Shariah needs to address the concerns that handle the perspective for meeting the challenges of the modern era.

Sukuk is an investment that mention the equal value with the undivided shared in ownership. The use of the tangible assets and service support are possible when special investment activity is done. The particular projects are used while handling the employment funds and meeting the needs of the ownership under Sukuk. IFRS (2016) refers that modern businesses discourage the use of interest and prohibit it under Islamic shariah

where it is applicable under Sukuk here. The use of this instrument helps to handle the policy concerns and make sure that the relevant tags are used in managing the expertise and dealing with the recognition challenges. The role of financial instrument is measurable when it emphasizes on managing riba under the guidance of Islamic scholars in Sukuk (Musari & Hidayat, 2023). The role of the Sukuk is good as it allows the role of the better approaches that encourage the plan of action to understand the use of Sukuk in current context. Islamic financial formula is based on sukuk that is helpful in understanding the risks and revealing the perspective of liquidity and other managerial applications. The role of a Sukuk is important where researchers claim that they are helpful in handling the financial frameworks and offering risk management for conventional Islamic financial banking (Nor et al., 2025). This used the correction under the foundations of Islamic policies to support the conventional systems.

Shariah Compliance Challenges

Shariah compliance is a major challenge under Islamic bonding where it is essential to understand that using the significant impact of a global standardization leads to these issues (Jiannan et al., 2024). Islamic law interpretation is diverse and complexities are possible on account of asset ownership. This underlies the principle of a true asset risk sharing by handling the debit like structures and outlining the high insurance cost management where navigation of regulatory differences can be helpful in jurisdiction of these challenges (Delle Foglie & Keshminder, 2024). The major challenges involved in this context discuss the substantial context versus forms where mimicry is possible to understand the interest based bonds and they also lack a genuine risk sharing for asset ownership. Another challenge is lack of standardization for Sharia boards that leads to loopholes in marking criteria and understanding the confusion among investors. These challenges need to be addressed timely, in case of delay they might lead to the failure of Shariah applications in understanding the better use of the ownership.

Challenge of asset ownership and its transfer to the other person also exist that needs to be addressed under legal jurisdictions and emphasis on the foundations of four requirements to transfer the ownership accordingly under Sharia. Fatwa is also another concern that leads to problem in undermining the guarantee of a Sharia compliance due to irrelevant and confusing interpretations (Bin-Armiya, 2025; Jiannan et al., 2024). The role of divergent on account of regulatory is also different that vary from country to country and needs to be addressed on account of Islamic law as a base for them. Ijarah challenges exist on account of leasing activities and valuation for assets. Mubadarah challenges exist for a clear understanding of guarantee and issues for the conventional loan in some cases. The Murabadah mention some challenges on account of commodity loophole that caused short term liquidity and can be troublesome in debit based instrument in later stages (Nor et al., 2025). Sorting out these challenges is an important concern as if they are left unaddressed then surely the output will be failure of the economy and financial systems.

Conceptual Framework

The independent and dependent variables are discussed with evaluation of impacts. The independent variables for Sukuk comprised of Musharakh, Ijarah and Wakalah

Independent Variables

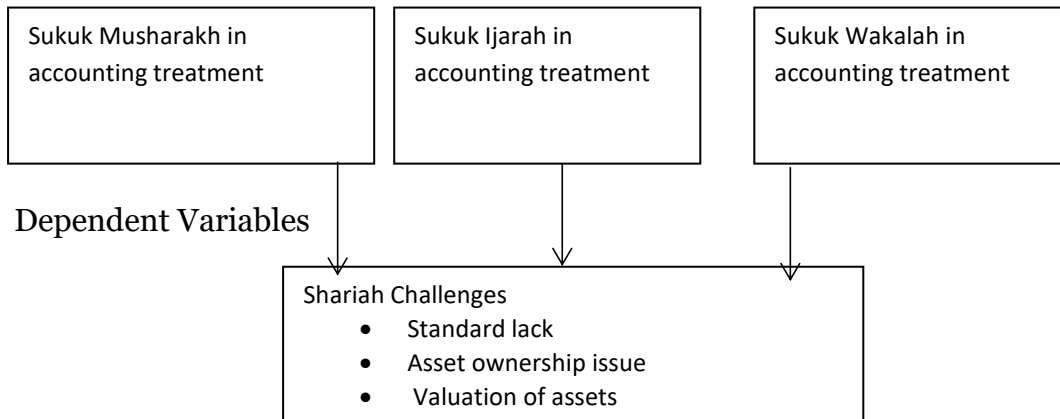


Figure 1 Conceptual Framework

Hypotheses

The study has four hypotheses based on the conceptual framework. The use of Musharakh for partners handling is under Sukuk that encourage the use of capitals for the projects and dealing with the profit and loss principles. This involves use of ownership with using the registration for holders in equity.

H1: Sukuk Musharakh in accounting treatment has significant impact on Shariah challenges

The role of divergent on account of regulatory is also different that vary from country to country and needs to be addressed on account of Islamic law as a base for them. Ijarah challenges exist on account of leasing activities and valuation for assets.

H2: Sukuk Ijarah in accounting treatment has significant impact on Shariah challenges

It supports investment where ownership mention the organization support and liking in dealing the committer issues. The use of Sukuk is helpful while handling the Wakalah or Agency plan that emphasis on the management of assets based on share for the certificate holders.

H3: Sukuk Wakalah in accounting treatment has significant impact on Shariah challenges

The major challenges involved in this context discuss the substantial context versus forms where mimicry is possible to understand the interest based bonds and they also lack a genuine risk sharing for asset ownership. Another challenge is lack of standardization for Sharia boards that leads to loopholes in marking criteria and understanding the confusion among investors.

H4: Sukuk plan in accounting treatment has significant impact on Shariah challenges

METHODOLOGY

Research Approach and Type

The study adopts a mix approach using literature and reports to outline the clarity for the use of the relevant variables. The deductive approach is applied in the quantitative context while inductive approach is used for the qualitative one. The two supports the data collection and analysis processes. The data from literature is supported with the help of qualitative approach whereas the report statistical data is taken with the help of relevant support from secondary sources (Braun & Clarke, 2019). The research approach is helpful in extraction of the data and answering the research questions by using the exact data.

Research Design

The study uses the secondary research design for taking the data from the study libraries. It is used with the help of extracting the content from the literature using the secondary design. The data from the fact files is also taken in the quantitative perspective. It is helpful in managing the data and understanding the idea that how the content is helpful when the statistical operations are done. The design is useful while handling the dataset and ensuring that the content is in accordance with the understanding of the study.

Research Population and Sampling

The research population is comprised of the literature first that is up to date and the specific content is chosen based on the data from the specific files. The dataset is used and the literature is discussed in the qualitative perspective. The dataset from the primary reports is used and the population is comprised of the specific reports used for the analysis purpose. The dataset is taken based on the random sampling. This sampling pattern helps the researcher to use the exact content. The dataset is helpful in supporting the content and making sure that the idea is helpful in extraction of the exact number of reports.

Data Collection

The data collection is done with the help of the secondary method for the literature review while the primary method for the reports data (Melnikovas, 2018). The literature is streamlined and it is made sure that the exact content is chosen based on the data from the reports for the Sukuk and its implications in the financial perspective to meet the Shariah challenges. The role of the data collection is helpful while catering the data from the specific content and further, the reports data is also collected and extracted to utilize while handling the content in the present analysis.

Data Analysis

The collected data is analysed with the help of the Smart PLS software where the content is reviewed by the statistical operations (Mardiana, 2020). The dataset is reviewed with the justifications to purposefully outline the values for p, r and other context. Cronbach alpha and HTMT is also reviewed to access the results (Cheah et al., 2024). Further, the dataset is used with the

help of literature analysis and generating themes to find the research answers. The data set is purposefully used for the aim of the study to extract the content with high support of justifications.

Results

The chapter outlines the results based on mixed method. Statistical and demographic results from the primary data are shared where as in literature results are also added to compare and reveal the discussion in next chapter.

Demographic Results

Demographic results share the demographic variables and their details as mentioned in table one where justification are added to support the database on the percentages of demographic facts.

Table 1: Demographic of Respondents

Demographic Variables	Details	Percentage
Gender	Male	49.5 %
	Female	51.5 %
Age	Below 20	0
	20-30	30.5%
	31-40	41.5 %
	41-50	10.5 %
	Above 50	17.5%
Job Level	Senior Manager	25.5%
	Manager	22.5%
	Employee	52%
Job Experience	Below 5 years	15%
	5-10 years	50%
	Above 10 year	35%

Gender data mentions that 51% of the respondents are comprised of female as dominant whereas about 49% of respondents are male.

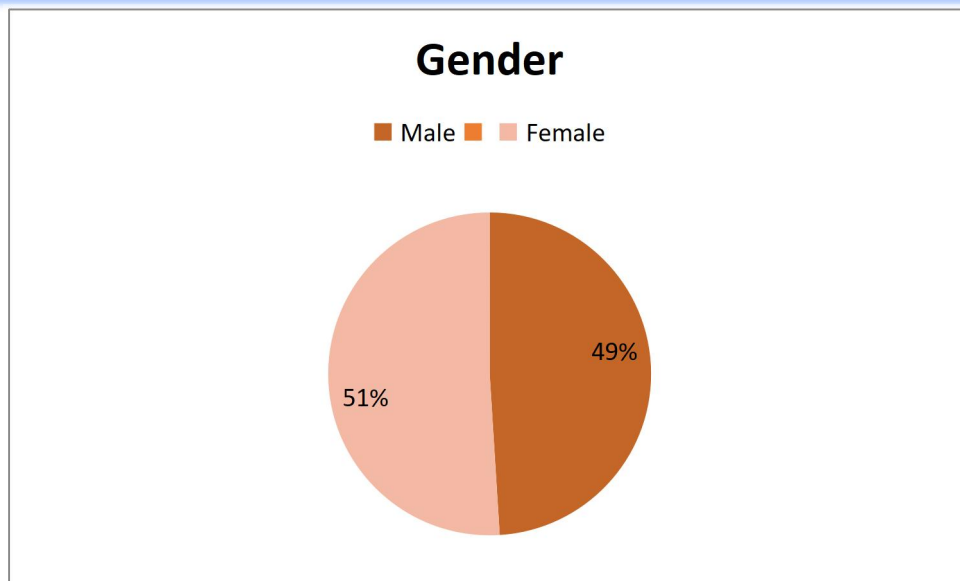


Figure 2 Gender of respondents

The data elaborate that the respondents are comprised of maximum age group for 31 till 40 years which is preceded by 20 till 30 years. Data also mentioned that a good percentage of respondents were from 50 years and above where as a minor percentage is recorded for 41 to 50 years. No respondents are from the age group below 20 years.

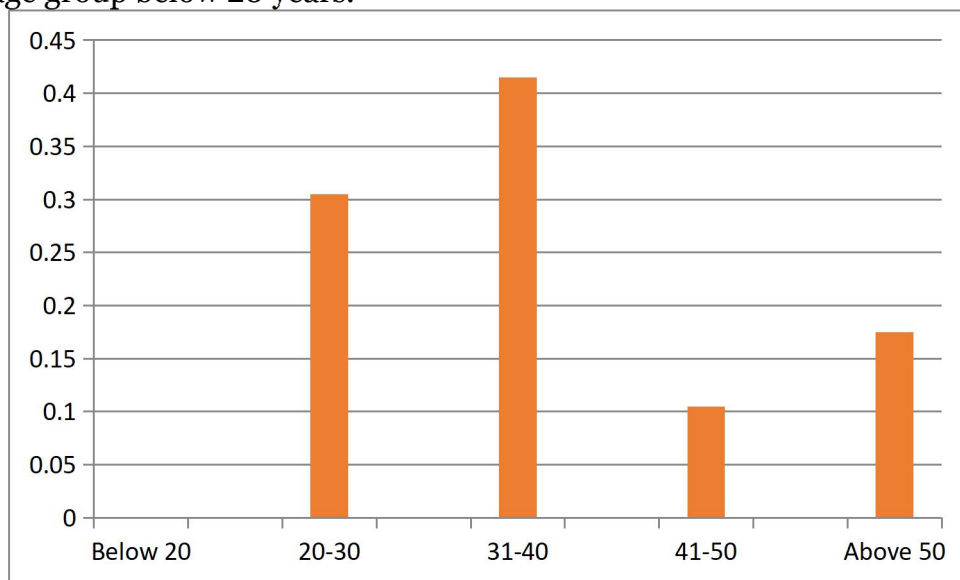


Figure 3: Age of respondents

The age group supports the data whereas job level mentions that a maximum percentage is comprised of employees for 52% whereas a senior managers are for 25% and only 23% represent management level.

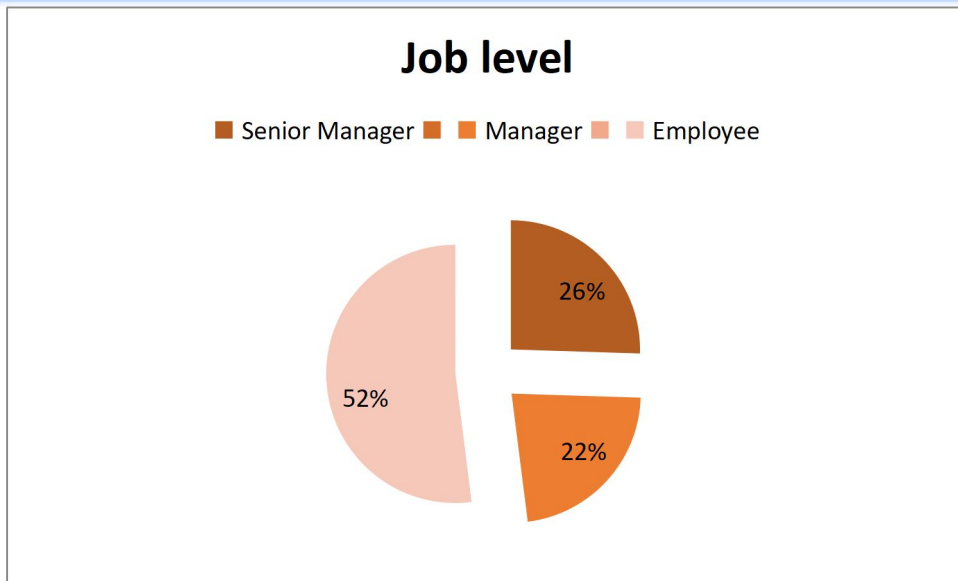


Figure 4: Job level of respondents

The job experiences support that maximum percentage is recorded for five till 10 years where is a more than 10 year experience people are also comprising 35% followed by 15% for five years and below.

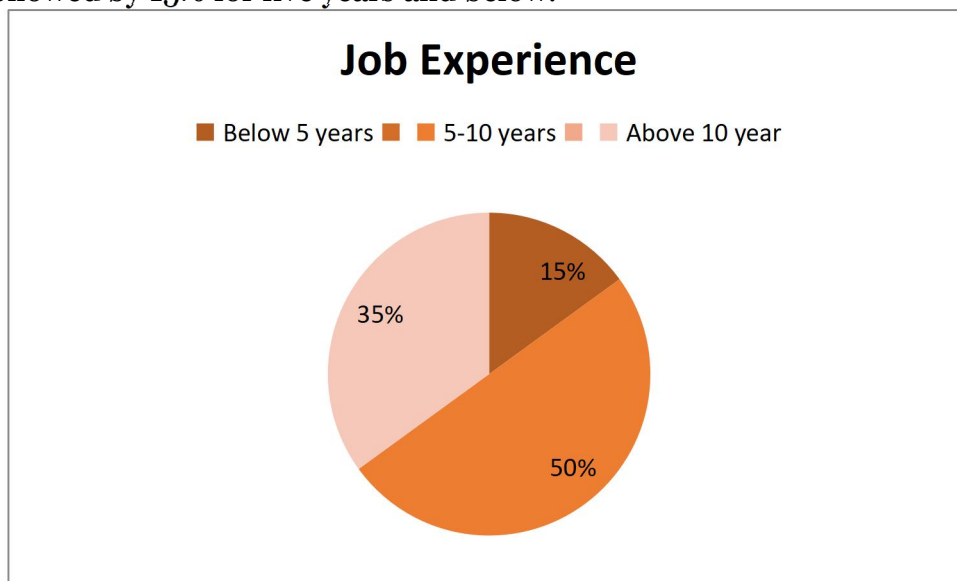


Figure 5: Experience of respondents

After compilation of the demographic data, next step is to evaluate the statistical data and justify that how data has been mentioning the details and supporting the collection of statistical figures.

Statistical Results

Statistical output is based on the justification added from smart PLS software. It elaborates a wide range of justifications where values are added and variables already mentioned based on the conceptual framework are discussed here.

Table 2: Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SI -> SC	0.236	0.235	0.109	2.158	0.031
SM -> SC	0.300	0.297	0.097	3.098	0.002
SW -> SC	0.173	0.181	0.086	2.019	0.044

Notes: SI: Sukuk Ijarah, SM: Suku Masharakh, SW: Suku Wakalah, SC: Shariah Challenges

Maximum value is recorded for SI to SC where the influence justifies the impact for the shariah challenges.

Table 3: Outer Loading

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SC 1 <- SC	-0.029	-0.029	0.085	0.347	0.729
SC 2 <- SC	0.072	0.072	0.073	0.985	0.324
SC 3 <- SC	0.836	0.834	0.023	36.473	0.000
SC 4 <- SC	0.887	0.886	0.015	59.302	0.000
SI 1 <- SI	0.876	0.874	0.015	56.623	0.000
SI 2 <- SI	0.795	0.795	0.025	31.301	0.000
SI 3 <- SI	0.779	0.778	0.029	26.425	0.000
SI 5 <- SI	0.760	0.760	0.031	24.295	0.000
SM 1 <- SM	0.840	0.839	0.022	38.693	0.000
SM 2 <- SM	0.854	0.854	0.018	47.580	0.000
SM 3 <- SM	0.681	0.680	0.043	15.868	0.000
SM 4 <- SM	0.650	0.649	0.043	15.057	0.000
SM 5 <- SM	0.866	0.866	0.015	59.435	0.000
SW 1 <- SW	0.834	0.833	0.019	42.771	0.000
SW 2 <- SW	0.801	0.800	0.025	32.419	0.000
SW 5 <- SW	0.756	0.755	0.030	25.091	0.000

Outer loading mention a high value for SC to SC for 0.959 and SI to SI for 0.889. Minimum value goes for SM to SM.

Table 4: R square

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SC	0.457	0.465	0.042	10.868	0.000

R square shows SC with a little significant value of 0.478.

Table 5: R Square Adjusted

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SC	0.453	0.461	0.042	10.690	0.000

R square adjustment revise the same value of r square for 0.467 for SC.

Table 6: Ave Variance

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SC	0.452	0.453	0.013	34.725	0.000
SI	0.650	0.650	0.018	36.532	0.000
SM	0.595	0.595	0.019	31.376	0.000
SW	0.495	0.496	0.017	29.242	0.000

Average variance mention good values for SW and SI while limited ones for SC and SM.

Table 7: RHO c

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SC	0.718	0.717	0.024	29.460	0.000
SI	0.903	0.903	0.007	130.293	0.000
SM	0.879	0.878	0.009	100.478	0.000
SW	0.819	0.819	0.012	70.004	0.000

RHO c value shows good for SI and SW with significance for above 0.7.

Table 8: RHO a

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SC	0.818	0.817	0.025	32.852	0.000
SI	0.871	0.874	0.011	80.877	0.000
SM	0.869	0.870	0.014	63.666	0.000
SW	0.785	0.787	0.018	43.820	0.000

RHO a shows good value for the independent variables but less and negative for the dependent one.

Table 9: Cronbach Alpha

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SC	0.600	0.598	0.033	18.177	0.000
SI	0.865	0.865	0.011	81.467	0.000
SM	0.829	0.828	0.014	59.956	0.000
SW	0.725	0.724	0.021	34.680	0.000

Cronbach alpha shows good value for the independent variables but less and negative for the dependent one.

Table 10: HTMT

	Original sample (O)	Sample mean (M)	2.5%	97.5%
SI <-> SC	0.797	0.792	0.690	0.894
SM <-> SC	0.779	0.782	0.683	0.880
SM <-> SI	1.027	1.027	0.999	1.055
SW <-> SC	0.847	0.848	0.735	0.964
SW <-> SI	1.029	1.030	0.988	1.073
SW <-> SM	1.023	1.025	0.985	1.069

HTMT shows maximum value for impact of SM on SC while other two variables are in limited form.

Literature Review Results

Theme 01: It is good to use the accounting treatment for Sukuk instrument in IFRS

Sukuk are Islamic financial certificates that are helpful in handling the sharia challenges and revealing the idea that how sharia principles can be handled under the privilege of interest avoidance (Pierce, 2020; Morshed et al., 2024). Keeping in view the role of these certificates, the importance of asset performance is emphasized as an essential foundation to depict the understanding of IFRS 9. It is found to be helpful in handling the challenges of asset performance and revealing the idea that how sharing and leasing can be privileged. Ramadan et al. (2025) adds the practical role of accounting treatment under IFRS 9 is found to be a special standard that may follow the general rules for financial instrument. It is also successful in clarifying the idea that how possible IFRS classifications of hotel value through profit and loss can be applied under these instruments. A clear understanding of sukuk accounting is helpful in meeting the loopholes of IFRS 9 principle based treatment. Islamic instrument is a helping hand in this regard not only in realizing the value of better to cook instrument but also meeting the idea that how they can be privileged for a predictable cash flows.

Theme 02: There exist challenges in Shariah compliance in IFRS 9

IFRS 9 is purpose to understand the sharia policy and is helpful in meeting the sharia challenges. A clear understanding of this phenomena is helpful in meeting the Sharia challenges of because it offers a successful application of profit sharing structures. Asset handling is possible in this regard because

your classification difficulties can be tackled with a clear understanding of IFRS 9 classification tasks (IFRS, 2016). The helping aid of this perspective is not only meeting the fair value through profit or losses but also offering comprehensive income foundations in the application of cash flow understanding and clearly offering the utilization of sukuk structure (Arsyi, 2023; Morshed et al., 2024). The justifications in this regard meet the challenges of interest policy that is found to be challenging in most of cases because the challenges of sukuk needs to be addressed under the privilege of policy instruments and state bank that should be addressing the implications of this foundation. Shariah compliance is a major challenge under Islamic bonding where it is essential to understand that using the significant impact of a global standardization leads to these issues. Islamic law interpretation is diverse and complexities are possible on account of asset ownership.

Theme 03: Better suggestions for using Sukuk in handling Shariah challenges are helpful

Some suggestions are helpful in this regard not only to understand the idea that how is 9 guidance is supported in shuk instrument but also in revealing the application and classification measures to clearly apply the policies and principles that consistently help the standardization processes (Arsyi, 2023; Jiannan et al., 2024). Good utilization of improved standardization is recommended that allows the application of ijarah to cook and understand that accounting is helpful while handling the issues of standard policies. Essential treatments can be applied by understanding the international accounting standards with the principles of Sharia in the country. The two work side by side where increasing professional training can be helpful because accounting and auditing can be privileged under the principles of financial analysts to handle the Islamic financing and understand the major principles of sukuk accounting under IFRS 9 (IFRS, 2016). This underlies the principle of a true asset risk sharing by handling the debit like structures and outlining the high insurance cost management where navigation of regulatory differences can be helpful in jurisdiction of these challenges (Delle Foglie & Keshminder, 2024). This becomes a successful story if underline assets and risk structures can be aligned with collaboration of profit distribution mechanisms and providing a clear picture of accuracy for financial reporting principles.

DISCUSSION

The discussion section provides a clear picture of the results where primary and secondary data is elaborated and some literature has been added to understand that how hypothesis are found to be significant and the research question answers are revealed in this section. Figure 6 mention the diagrammatic view of hypothesis with a clear elaboration that how the influence of independent variables is recorded over the dependent variable. It is based on the results of small PLS software and primary data taken from 150 respondents as a samples of the study.

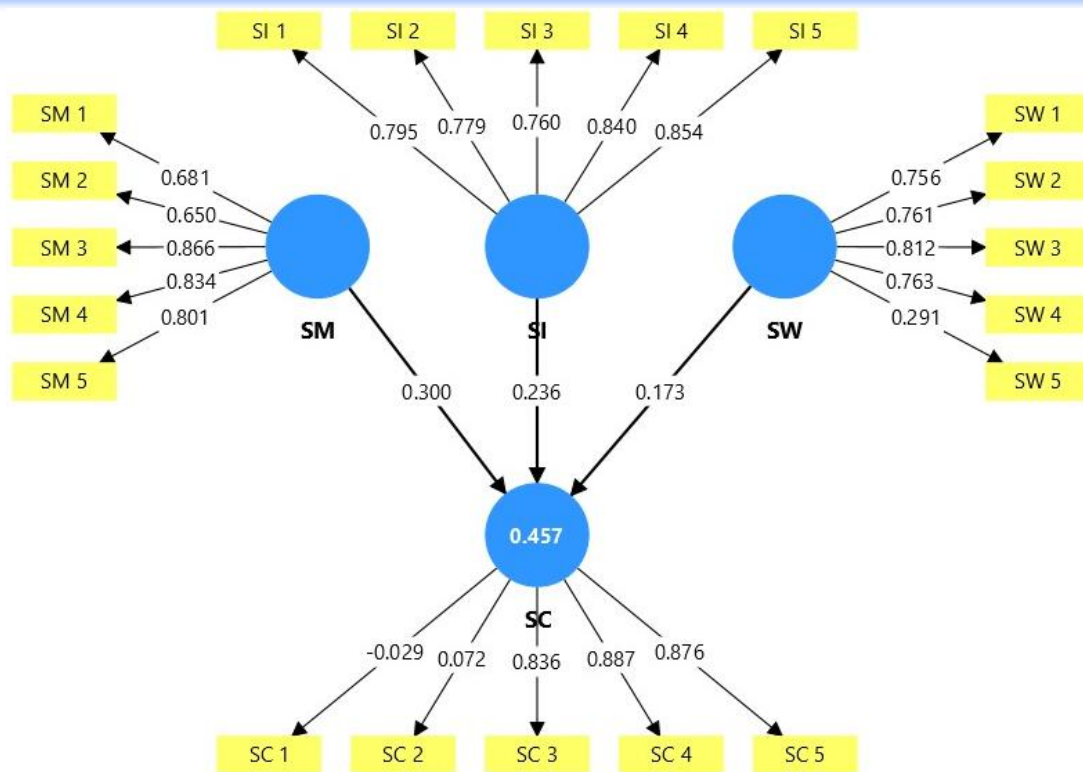


Figure 6 Diagrammatic view of hypotheses

Hypothesis 01

H1: Sukuk Musharakh in accounting treatment has significant impact on Shariah challenges

The first hypothesis discuss the idea of a super instrument Musharakh for understanding the influence on sharia challenges. The study reveals that partnership and joint ventures are the opinions where underlying principles of profit and losses are executed. Sharia challenges can be handled by the accounting treatment where it has been found that relevant approaches of fixed return and profit loss sharing can be applied under sukuk (Pierce, 2020). the role of test issues can be handled where the principal payments can be privileged for solely interest and a clear understanding can be provide for interest like return concepts. RHO a shows good value for the independent variables but less and negative for the dependent one. So, the hypothesis has been proved as a significant one because asset ownership recognition has been found where sukuk has an important impact on accounting treatment to enhance the solutions for Sharia challenges. based on the utilization of impact it has been found that some solutions for the treatment of Musharakh is possible for supporting the idea that how they can be privileged for compliance concerns.

Minimum value goes for SM to SM but it has an overall dominance for 0.3 in the figure 6 that shows its dominance as compared to other two variables. Further, keeping in view the role of a complex financing reporting, it is clearly understood that the role of IFRS 9 under principles can be helpful in handling the profit loss scenarios and understanding the idea that how Islamic

financial principles can be applied. predictable knowledge of these things can be helpful not only in handling the complex financial reporting for Islamic financial institutions but also helping to understand the needs of a true Islamic banking system and financial handling to create the Sharia compliance support (Arsyi, 2023). the idea is privileged under the variables where a clear impact of SM is observed for the SC and it has been enhanced that it supports the challenge handling. Play picture is provided where an understanding has been justified to reveal the idea that how significant impact of sukhoi is regarded in overall implications of IFRS 9.

Hypothesis 02

H2: Sukuk Ijarah in accounting treatment has significant impact on Shariah challenges

The other hypothesis elaborate the application of sukuk izara where it has been found that how it has been elaborating the Sharia challenges and revealing its justification in the context of clear understanding in handling the challenges of Sharia. RHO a shows good value for the independent variables but less and negative for the dependent one. Justifications are mentioned where good value of RHO a is find to support the opinion that it is based on leasing contracts where individual investors focus on the underlying assets and support the rental income based on the interest. Ramadan et al. (2025) claims that this is in compliance with the provision of Sharia concerns that needs to understand the idea that how the financial reporting can work better and is similar to the interest income where the causing compliance questions are the foundations for offering a good opportunities to handle the Ijarah predictability. The practical role of ajara cannot be ignored where an important foundation of risk and asset transfer issues are handled to support the real risk hearing and understanding the idea for asset backing.

Using the principles of Sharia it has been agreed that it has an important influence where two asset ownership is questioned and it has been clarified that how the interest like accounting treatment are possible under Ijarah. Value of 0.236 is recorded for SI in the overall hypotheses diagram where it shows a partial impact in Figure 6 (Pierce, 2020). The principal role of this foundation emphasis where SI is showing an impact on SC to justify the idea that how the differences of Islamic financial principles are applicable in understanding the IFRS reporting and revealing the idea for justifying the good position for cash flows. The privileged role of Sharia principles is clearly understood under Sukuk where IFRS 9 is compared for the lease payment resemblance in handling the cash flows and understanding the ideas for the maintenance of complaints for financial reporting handling process (Arsyi, 2023). The idea is limited with showing impact for 0.173 in Figure 6 where a clear justification is added to understand the utilization of asset ownership recognition and handling. Here, the treatments under the privilege of better opportunities to comply Sharia policy under IFRS 9 is limited and has a significant impact.

Hypothesis 03

H3: Sukuk Wakalah in accounting treatment has significant impact on Shariah challenges

It has been found that the role of severe challenges is critical where a clear understanding is provided for Wakalah sukuk. The role of a treatment in this context is possible to understand that how the privileged impact is possible in dealing with the opportunities and understanding a clear picture for meeting the needs and offering opportunities while meeting the ideal approaches. Ramadan et al. (2025) added that the utilization of Sharia in underlying assets is helpful where an essential review on the returns has been clarified for understanding the performance of agents under the privilege of sukuk in contract. The approachable support is justified when an impact on the accounting treatment has been checked and it is found that IFRS 9 plays an essential role in understanding the returns and revealing the idea of investment performance with utilization of interest like cash flows. Using this with the expertise is a handling concern that allows the understanding of income and providing the recognition where agency structure can possibly apply it (Arsyi, 2023). RHO c value shows good for SI and SW with significance for above 0.7. This justifies the opinion that SW is stable and it has an important role while emphasizing impact on the influential foundations of Sharia challenges management.

RHO a shows good value for the independent variables but less and negative for the dependent one. This is also referring the idea that the potential of independent variables are strong and it is important to understand that how it can influence the foundations of agency structure while handling the assets for investors and managing the cash flows in understanding of agency relationships (Pierce, 2020). The professional use of Sharia challenges it provides a clear understanding where uncertainty plays a professional role in dealing the profit in comparison to interest recognition and managing the difficulty while handling the IFRS 9 criteria meeting. The potential role of concerns about true risk sharing and asset linkage is an important foundation where Sharia compliant challenges can be dealt in dealing with the ideas of linkage and managing the agency structure by aligning Islamic principles with the foundation of international accounting standards. The role of a potential utilization of agency policy is agreed where importantly support has been managed based on the IFRS policy tools and a clear understanding based on Sharia facilitation.

Hypothesis 04

H4: Sukuk plan in accounting treatment has significant impact on Shariah challenges

In the end, the last hypothesis discussed the overall impact of a sukuk plan on the Sharia challenges where it has been found that the IT clear picture of it is already provided by the previous approval of the three hypothesis. The approval of the three hypothesis is providing a clear picture that the three main agents of sukuk have an impact on the accounting treatment while handling the IFRS 9 so it is important to understand that if it has an impact

then surely the last parameters are going to have a pragmatic impact in the long run. Ramadan et al. (2020) refers that keeping in view a clear understanding of sharia challenges, it is essential to manage the idea that how things can be aligned and the possible parameters can be emphasized while dealing with expertise and meeting the challenges of collaboration in keeping a balance for the Sharia challenges dealing. The practical role of sukuk is not avoidable in this regard because the justifications added based on the structural foundations of Sharia compliance and dealing with the opportunities in the Islamic principles are quite enough to handle the IFRS 9 policy and seeing its important principles.

Outer loading mention a high value for SC to SC for 0.959 and SI to SI for 0.889. Minimum value goes for SM to SM. This gives a clear picture and a clarifying understanding that how the influence of the Sharia challenges exist and how important it is while handling the influence of sukuk in the long run. It is important to understand that risk sharing is an important parameter where participation of the investors is important in handling the sukuk debit instrument (IFRS, 2016). Practical influence and role of recognition of income is not avoidable in this context where the nature of tools has been justified in the previous three hypothesis with clarity. the approval of hypothesis is agreed based on the nature of where it is based on understanding the lease contract and revealing the idea that how the ownership assets and profit loss sharing classifications are privileged under the paradigm of Islamic policy and principles of Sharia.

Table 11: Summary of Hypotheses

Hypotheses	Approval
H1: Sukuk Musharakh in accounting treatment has significant impact on Shariah challenges	Significant
H2: Sukuk Ijarah in accounting treatment has significant impact on Shariah challenges	Partial Significant
H3: Sukuk Wakalah in accounting treatment has significant impact on Shariah challenges	Less Significant
H4: Sukuk plan in accounting treatment has significant impact on Shariah challenges	Significant

Table 11 provides assembly of hypothesis where justifications are added that all the hypothesis are not approved as a positive and there is influence that needs a clear understanding and justifying the impact. Sukuk Msuhkarah is recorded for significance whereas Sukuk Ijarah for partial significance and Sukuk Wakalah for less significance on the context of Shariah. The chapter sums up that there is important role of IFRS 9 in handling the Sharia challenges and managing it under the paradigm of sukuk.

Conclusion

Main Findings

It has been found that the influence of IFRS 9 is a positive while handling the challenges of a Sharia perspective that needs to be addressed under the privilege of a sukuk instrument. Keeping in view the role of these certificates,

the importance of asset performance is emphasized as an essential foundation to depict the understanding of IFRS 9. It is found to be helpful in handling the challenges of asset performance and revealing the idea that how sharing and leasing can be privileged. This is a purposeful approach to reveal the idea that how things can be handled and better utilization of liabilities are applicable while meeting the challenges of modern banking. The role of IFRS 9 is helpful in measuring the fair value and understanding the idea of business model cash flow characteristics under the parameters of IFRS 9. The practical role of accounting treatment under IFRS 9 is found to be a special standard that may follow the general rules for financial instrument. It is also successful in clarifying the idea that how possible IFRS classifications of hotel value through profit and loss can be applied under these instruments. The company's support is provided under IFRS 9 justifications are added and suggestions are provided to support the idea of Sharia challenges with IFRS 9. The justifications in this regard meet the challenges of interest policy that is found to be challenging in most of cases because the challenges of sukuk needs to be addressed under the privilege of policy instruments and state bank that should be addressing the implications of this foundation.

Recommendations

The recommendations are added based on the use of the sukuk in IFRS 9 for shariah management:

1. Training the staff is helpful because how things can be influential and environment approaches can be applied while handling the challenges of Sharia in dealing with the perspective of financial statements handling.
2. Using monitoring and editing processes can be helpful because a perfect audit is required while dealing with the challenges of Sharia and managing the perspective with the timeline of clear understanding with policy instrument.
3. The approaches of sukuk also emphasise when handling of support is an IFRS 9 foundation and an important perspective is good in this regard.
4. The utilization of a modern challenge management sukuk approach is helpful because they will allow to meet the Sharia challenges and offer a clear understanding to be stable in international markets.

Future Implications

The study has reviewed an important topic where a clear identification offer training and guidelines is provided. This is helpful not only in understanding the idea that how this instrument is possible to invest with but also to support the idea that how things can be influential when Sharia challenges are managed. The policymakers and project managers in Sharia and Islamic banking can take advantage of the results where a mixed method is adopted to offer justified and relevant results. The discussion has been based on the literature where comparative analysis is done to make sure that literature gap outlined in the earlier stages of the project is met.

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