

# The Role of Islamic Civilization in Developing Accounting Thought

*Dr. Samer Kantakji*

[www.kantakji.com](http://www.kantakji.com)



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## **Abstract**

*Islam, since its dawn, has been interested in private and general rights and maintained them strongly. Islamic established firmly a wall called the allowed and ill-gotten. Therefore, while the accountancy is the justice getting tools, and the importance of accountancy researches lies in supporting the accountancy knowledge to reach definitions agreed on. Thus, clear concepts are determined having the general approval from the surrounding society. The researcher sees that Islamic Sharia has surrounded accountancy and founded a fertile mind.*

*Also, the research confirm the Moslems role in Accountancy science. Thus instead of mentioning the beginning of history of accountancy since the Italian Lucas Bashilio, we have to remember Kalkashandi, Nowayri, Gazali, Abu Ja'afar Demashki, Marodi, Khuwarizmi and many other Moslem celebrities who recorded accountancy intellectually and practically since nearly (900) A.D. i.e. before Lucas Bashilio before (700) years at least.*

## **Keywords**

Islamic Accountancy, Accounting Thought.

## Introduction

Civilization is the most sublime thing, which the nations have achieved in their doctrines and aspects of their mental and intellectual activities regarding building, sciences, knowledge, art and others. They could elevate them in their life course to agree with it and its various capacities.

Moslems have set up their civilization depending on Islam and Arabic language that included all civilization aims. They made use of other countries' civilizations and acquired many of those countries' sciences. The Islamic civilization is distinguished with integrity and comprehensiveness. It included:

1. Rule and administration system that included caliphate, ministry, judiciary, injustice, price control, police, terrorism, rulers, post, accountants' council (Dewan), and military aspects.
2. Sciences and arts with all their kinds: religion, linguistics, sociology, natural sciences, mathematics, astronomy, medicine, pharmacology and translation.
3. Building and arts such as architecture, decoration and artificial sciences.
4. Economic situations as agriculture, industry, trade and money.

## Islamic Accountancy Fiqh Perspective

The role of money in this civilization was quoted from the concept of Islam to have a function. Islam took care of money role and clarified it as important as a basic need such as (hunger, fear) to most people. God says: (Bakara: 155-Be sure We shall test you with something of fear and hunger, some loss in goods or lives or the fruits (of your toil), but give glad tidings to those who patiently persevere). Islam, also, specified this importance and showed the necessity of not using it wrongly (getting money without a right, the bribery) as God says: (Bakara:188-And do not eat up your property among yourselves for vanities, nor use it as bait for the judges, with intent that ye may eat up wrongfully and knowingly a little of (other) people's property). God emphasized that misusers of money are equal to dealers with interest (getting money without a right); they are on the wrong side of war. Repentance is to leave interest and satisfy with the capital to achieve justice (Bakara: 279-If ye do it not, take notice of war from Allah and His Messenger: but if ye turn back, ye shall have your capital sums; deal not unjustly, and ye shall not be dealt with unjustly). However, accountancy terms began crystallizing; the first and most important is the capital and the way of

circulating it among people. But, Islam has not given the rein to money but restricted it to a social role as God says: (Bakara: 280-If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if ye remit it by way of charity that is best for you if ye only knew). God shows the politeness of the religion and the social dimension of money role He has added an unfamiliar concept that is almsgiving and distinguished it with easiness. So, the term "almsgiving" is equivalent in form to "dead debts" but exceeds it in meaning and goal. Money alone has no social role without being with God's jurisprudence (Bakara: 63-And (moreover) He hath put affection between their hearts: not if thou hadst spent all that is in the earth, couldst thou have produced that affection, but Allah hath done it: for He is Exalted in might, Wise).

After that the text of recording and borrowing has come immediately after it, which is the longest in Quran where God says: (282-O ye who believe! When ye deal with each other, in transactions involving future obligations in a fixed period of time, reduce them to writing let a scribe write down faithfully as between the parties; let not the scribe refuse to write: as Allah has taught him, so let him write. Let him who incurs the liability dictate, but let him fear his Lord Allah, and not diminish aught of what he owes. If the party liable is mentally deficient, or weak or unable himself to dictate, let his guardian dictate faithfully. And get two witnesses, out of your own men, and if there are not two men, then a man and two women, such as ye choose, for witnesses, so that if one of them errs, the other can remind her. The witnesses should not refuse when they are called on (for evidence). Disdain not to reduce to writing (your contract) for a future period, whether it be small or big: it is juster in the sight of Allah, more suitable as evidence, and more convenient to

prevent doubts among yourselves but if it be a transaction which ye carry out on the spot among yourselves there is no blame on you if ye reduce it not to writing. But take witnesses whenever ye make a commercial contract; and let neither scribe nor witness suffer harm. If ye do (such harm), it would be wickedness in you. So fear Allah; for it is Allah that teaches you. And Allah is well acquainted with all things). The text has showed the wide bases of accountancy origins where God shows us the way of writing (let not the scribe refuse to write: as Allah has taught him). Later, God emphasized this at the end of the text by saying (So fear Allah; for it is Allah that teaches you). It is noted that the text clarified the following accountancy terms: 'debt', 'debt quantity', 'debt', 'debt writer', 'fair in writing', 'dictator', 'special cases', 'witnesses', 'writing aim', 'exceptions' and 'neutrality'.

Islamic Sharia has had the priority in inventing financial systems never used before but made it as a religious prescription duty 'worshipping'. So, these systems are distinguished with material and spiritual systems. Each of these systems has their private mathematical style.

"Zakat: Alms" has its specific places and sheets. It has special banks to be used properly. So, Islamic accountancy was used in the concept of specialization (specialization in income and expenditure). Later, Sharia gave a developed financial concept, not applied before; it is to settle the outcomes (material and cash) and spend them in the place they are obtained from while the surplus is transferred to (Bait Almal: Money House) the safe. The outcomes were organized in cash lists and material ones. They dealt with duality problem in alms realization

The system of "Mawareeth: legacy" brought a dynamic mathematical style, which the whole humanity has not witnessed such a thing before. It realized a distributive justice among people. It maintained the rights of each person regarding his/her importance in the family. It, also, has broken down the accumulation of wealth, big or small, (Nissa: 7- whether the property be small or large, a determinate share) while keeping the private ownership. So, a very accurate, familial and social link is achieved.

As a sequence, it could melt money in its social role so it gave money its important right to gladden people but not to overcome them. These systems and other ones will be dealt with longley later.

Islam, since its dawn, has been interested in private and general rights and maintained them strongly. Islamic established firmly a wall called the allowed and ill-gotten. It obliges every member to get this knowledge to clarify the separating limits. It was told about Omar

(peace be upon him) in (23A.H=645 A.D.) that while wandering in the markets he said: "No one sells in our market except that who knows, otherwise, he deals with interest willy-nilly. Al-Gazali (505A.H=1127A.D) specified a chapter about reviving religion success called chapter of (Science of Earning) in which he mentioned that seeking Science of Earning is a duty on every earning Moslem because seeking knowledge is an obligation for every Moslem. However, seeking knowledge is for the needed. The earner needs earning science. Al-Gazali exceeded this by describing the Moslem investor as (no one attains economy rank unless he restricts in his earning to the way of rightness).

The importance of accountancy researches lies in supporting the accountancy knowledge to reach definitions agreed on. Thus, clear concepts are determined having the general approval from the surrounding society.

The researcher sees that Islamic Sharia has surrounded accountancy and founded a fertile mind, which people applied for 14 centuries and more under similar titles as: Writing Money, Earning Science and others. It cannot be perceived that a state lasted more than ten centuries had issued sciences and knowledge in all fields to the world while its sciences are being still taught in the biggest and best Western universities. However, this state has forgotten to put or develop accounting and economic systems of its own. It is unbelievable that a store big or small can run without an accounting system. So, how can we imagine that a state ruled the world more than ten centuries without economic or accounting systems? Nowayri (733 A.H=1355 A.D) had referred to the first professional accountancy block in history .This block showed that accountancy is limited to its policies and applying them. (The meeting was held by a group of the seniors of this profession who started it since their childhood until their elderly age. Some of them said that was new and innovative. How can such things be restricted?

Then the importance of this research lies in:

1. The appearance of Islamic banks and financial establishments that attained a remarkable success.
2. The appearance of accountancy standards and auditing for the Islamic financial establishments issued by accountancy and auditing board for Islamic financial establishments. That proved the possibility of applying the Islamic accountancy standards in the Islamic society.
3. Answering the accusation of the West to the Moslem and Arabs in particular that are retarded in economics and accountancy and have to submit to the standards and principles which their professional establishments and associations specify
4. Collecting the intellectual participants of the Moslem accountants scattered in the books of jurisprudence and Islamic history.

The research aims at fixing the Islamic accountancy thought scientifically according to the age of technologies to be a reference for businessmen, accountants, the interested and an Moslems.

As the accountant is the weigher of gaining actions, he decides the reserves, depreciation, and provisions. Besides, he prepares the final accounts starting from the accountancy thought he has (Aaraf: 85-give just measure and weight), (Israa: 35-

Give full measure when ye measure, and weigh with a balance that is straight) and (Rahman: 8-In order that ye may not transgress (due balance). As a result he should not be biased to any partners, participants or administrators (Motafifin: 1-Woe to those that deal in fraud).

The research, on one hand, neither aims at interpreting the current accountancy principles and concepts in an Islamic style, nor seeks subjugating them by force. On the other hand, the research will not interpret jurisdiction of jurists and Imams in an accountancy style that agrees with the current theories and concepts. However, Islamic Sharia rules the ages but is not ruled by them.

As no accountancy theory has gained the general approval up till now, the comprehensiveness has a specific range in the general accountancy tradition. Islamic society is similar to others in its specialties, properties and principles.

### **Research Aims**

1. Attaining the scientific rules of accountancy traditions and principles which our scholars followed along the ages. The whole universe has witnessed for the Islamic civilization because it helped in inventing most societies. However, the Islamic society has its own view about accountancy. It needs data related to and which the accountants and beneficiaries act as to the financial and accountancy data especially after the appearance and development of many Islamic economic sectors such as Islamic banks, Islamic insurance companies, Islamic financial houses and Islamic investment companies. These need a theoretical structure on which they rely the economic and financial life within an Islamic legitimate method.
2. Re-correcting the accounting history and doing justice to the Arab and Moslems by showing their participations and active role in this science. Instead of mentioning the beginning of history of accountancy since the Italian Lucas Bashilio, we have to remember Kalkashandi, Nowayri, Gazali, Abu Ja'afar Demashki, Marodi, Khuwarizmi and many other Moslem celebrities who recorded accountancy intellectually and practically since nearly (900) A.D. i.e. before Lucas Bashilio before (700) years at least. Al-Nowayri [(733) A.H.= (1355) A.D.] had written the first integral accounting reference in the human history. He said:" Some of my colleagues have asked me to put a summary through which the accountant knows how to account and which enlightens him how to report about gaining and taxing. Thus, I presented this summary, in which I mentioned about writing industry as little as a drop of seawater and as a few as its gems to answer his question and realize his hopes. These are necessary for an accountant to know their shape and duties. When I wrote down this industry, I neither found a book about its art nor a translated chapter or a compiled reference. I have not noticed a reference about it, not even listened to a statement about it. No one uttered a word or had the rein of diction in order to be my ideal and follow his method in excellence and be as useful as he is. Nevertheless, I found it closed and covered where each writer was satisfied with his knowledge and limited to his understanding. When I reviewed the idea and revised it, its doors were opened and disclosed. Therefore, I mastered it after making it soft.

Later, the idea had the way of success and I began writing what I put and aligned what I classified. I derived the term "Dewan" (accountants' council) and what kinds stem from it. Besides, I mentioned the first "Dewan" was in Islam and its reason. I reported what the accountant may need regarding accountancy and its cases, and what general accepted rules and idiomatic laws settle down. I mentioned what the accountant may report about gaining and taxing and what mathematic cases end at and attribute what troubles arise to them - God willing."

3. Searching the Islamic accountancy thought by means of practical application in Quran and Sunna in the Islamic economic history.
4. Deducing the Islamic accountancy standards that enlighten the way of accountants and Islamic businessmen and all earners away from the standards subject to interest ties put for their owners' sake only. That helps in searching and developing accountancy thought according to the Islamic Sharia rules and laws; and according to the environment in which jobs need accountancy. That leads to increasing the trust in data and financial statements users in the accountancy information issued by the establishment that follow the Islamic accountancy thought.
5. In the economic library, there is only a little about this topic.
6. There are no books in the Islamic doctrine deal with accountancy systems separately except some old writings dealt with money writing.

Every society has its school of thought where knowledge is obtained. The conduct of the society depends on its concepts and principles. Accountancy science is one of the social ones developed by means of practical exercise. Then, scientific founding movements came to put a frame for the concepts, suppositions and principles. Scientific and professional groups that supervised them.

The researcher sees that Islamic Sharia has planned on the society level as a whole by fixing:

- A. Invariable facts formulated the accountancy thought and rules of accountancy morally and conductively. These facts are acquired from Quran, Sunna and consensus, for instance:
  - Writing and recording when dealing financially whether small or big (Bakara:282- Disdain not to reduce to writing (your contract) for a future period, whether it be small or big).
  - Witnessing when current selling (Bakara:282- And get two witnesses, out of your own men, and if there are not two men, then a man and two women, such as ye choose, for witnesses, so that if one of them errs, the other can remind her).
  - Real money ownership is to God and man is responsible for that (Noor: 33- give

them such a deed if ye know any good in them; yea, give them something yourselves out of the means which Allah has given to you).

- The allowed and ill-gotten.
- The necessity of learning (Younos: 5-It is He Who made the sun to be a shining glory and the moon to be a light (of beauty), and measured out stages for it; that ye might know the number of years and the count (of time).
- Recoding the just true value without decreasing anything (Bakara:282- Let him who incurs the liability dictate, but let him fear his Lord Allah, and not diminish aught of what he owes).
- Specifying qualities for the consequential information:
  1. Information truth.
  2. Comparison ability (unification).
  3. Accuracy and approximation "over concern" Gazali.
  4. Neutrality (Bakara: 282-But take witnesses whenever ye make a commercial contract; and let neither scribe nor witness suffer harm. If ye do (such harm), it would be wickedness in you).
- Revenue is subject to wining or losing justly.
- Confessing profit when producing (Anaam:141-It is He Who produceth gardens, with trellises and without, and dates, and tilth with produce of all kinds, and olives and pomegranates, similar (in kind) and different (in variety): eat of their fruit in their season, but render the dues that are proper on the day that the harvest is gathered. But waste not by excess: for Allah loveth not the wasters).



B. It allowed elastic procedures accommodate with every time and place expressed by the jurisdictions. These were reflected in the accountancy systems that dominated in the Islamic state in the form of accountancy policies changeable according to the jurisdictions.

Thus, the researcher seeks showing the Islamic accountancy character to the Moslem society according to Islamic Sharia by means of these approaches:

1. Historic approach aims at theoretical and practical exercising of accountancy thought in the Islamic history and knowing it to prove the degree of its maturity.
2. Interpreting approach aims at showing appropriateness range of accountancy standards of the other societies to Islamic Sharia.

## Research Results

The Islamic civilization has been established on the basis of justice between it itself, and its bodies on one side, and between it itself and the adjacent countries on the other hand, in addition to do justice among the citizens of the country. The Islamic civilization sees in accountancy a tool to achieve the desired justice. Thus, Kalkashandi considered the accountants as banners of justice, doing justice and convincing witnesses when there is a disagreement. Without accountancy the fruits of the work will be lost, people's rights will be confused, transactions systems will be broken down and justice will be realized.

The Islamic accountancy has been distinguished with unique specialties. The aims of recording and writing are summarized in the verse: "Bakara: it is juster in the sight of Allah, more suitable as evidence, and more convenient to prevent doubts among yourselves". "The just thing" means "the fairest", "the truest" means "the most fixed and helpful to do it", "not to doubt" means, "not to suspect". God, also, mentions the independence of the account and its comparison with other nations', God says "Bakara 134: That was a People that hath passed away. They shall reap the fruit of what they did, and ye of what ye do! Of their merits there is no question in your case!" and its comparison with the individuals "Bakara 286: On no soul doth Allah place a burden greater than it can bear. It gets every good that it earns, and it suffers every ill that it earns" , "Isra 15: who goeth astray doth so to his own loss: no bearer of burdens can bear the burden of another" .

Because of what has been mentioned, the Islamic civilization has adopted a certain look towards accountancy depending on the following:

A. Things imposed by the Islamic Sharia: They are enacted by the Holly Quran, Prophet's

Sunna and Moslem jurists have agreed upon: They include things as:

- Writing the Dewan.
  - Writing the contracts and executing them.
  - Calculating the (Zakat: alms) on the level of the individual and companies through the necessity to specify the wealth increase. the distinction among revenue kinds, the statement of profit, the calculation of debts, the calculation of the minimum level that is exempted, the financial period, the organization of (Bait Almal: Money House) as (Zakat: alms) money and other revenues.
  - The sales Fiqh: the abundance of sales' kinds, the necessity of distinction between sale and usury.
  - Mawareeth: legacy science.
  - The investment of orphans' and endowment money.
- B. Things imposed by the public policy of Sharia according to political, economic and administrative reality and conditions: such as directing the investments by means of social profitability standards-without violating it- in order to achieve the societies' sufficiency in all fields. Each deficiency happens may turn to individual duty to material one, the necessity to declare the coherence the range of accountancy policies and practical application with the Islamic Sharia rules. The interpretation and justification of the practical application procedures should not according to the benefit (pragmatism) only.

### **Islamic Accountancy Fiqh Advantages**

The results of the research can be summarized as the following:

1. **Tools Validity:** The tools, which the Islamic Fiqh has innovated and used, are distinguished with capacity and flexibility. They are tools used by the modern Islamic financial establishments (such as Modarabah, Morabahah, Ijarah... etc). Thus, this refers to their validity and accommodation with any time and place.
2. **The Integrity:** The integrity between the economic unity accountancy (MICRO) and social accountancy (MACRO); the comprehensiveness of Islamic legislation (Sharia) has realized a symmetric, economic and social balance in the Islamic society. There is neither individual tyranny against the society nor the society's against the individual. Each one has his own rights and duties within a just joint system. Islam has dealt with accountancy in this context; the individual who has revered faith in his heart supported with good deeds cannot be a cause of harm to the others for his own personal interests. While the trained and prepared person for economic struggle and materialistic competition, depending on mathematic and statistic bases to develop his economic unity without paying attention to the other people, it is difficult to force and direct him towards social accounts show the social and environmental harmful results which his project causes in the society and its surrounding. The environment, in which it exists, and whose goals, concepts and standards agree with that environment that includes social, economic and legitimate sides, affects accountancy, a social science. For this reason, the Islamic accountancy has depended on the fixed legislative resources then accommodated with the current changes without deviating from the fundamentals. Thus, it is not necessary

for the traditional accountancy to be the only kind that suits all the societies or cultures. We can clarify the benefits and differences to be obtained from applying the Islamic accountancy systems:

- a- The Islamic accountancy depends on the Macro-Economy while the traditional accountancy depended on the Micro-Economy because it was interested in developing the economic unity interest itself disregarding the whole structure, so it was impossible to provide the desired benefits. Whereas, the Islamic Sharia has realized the social justice on the society level by applying "Zakat: Alms" system and on the family level by applying "Nafakah: Expenditure" and "Mawareeth: Legacy" systems. The change base from a collective duty to an individual duty forms the separate line (interface) between the economic unity accountancy and social one.
- b- The social accountancy measurements and the environment came as supplementary lists in the traditional accountancy. However, it is incorporated originally in the Islamic accountancy. For this reason, the spread of accountancy and finance rules in Fiqh books is evidence. Therefore, transactions are spread among people in all their applications and it seems difficult to separate between them and the legitimate rules and principles.
- c- The Islamic Fiqh founded a deep-rooted market far away from cheating and its methods and void of illegal competition such as monopoly, disturbance of goods and individuals' transfer from and into the market. That aims at determining the price depending on the just offer and demand by means of the competitive conditions reflected from the social, economic and political states of the countries. In case of any disturbance in determining the prices depending on other rules, the person in charge of the market situation should interfere to prevent one party from oppressing the other and should try to price in order to achieve justice again between offer and demand. Accountancy is the helping tool in specifying and recognizing such states.
- d- The Islamic accountancy Fiqh does not recognize the separation between the general and professional morals that affect on the accountant's behaviour<sup>1</sup>. The source of morals is Sharia because man is man. Thus, it was stipulated in the "Lawmaker accountant" to be a free Moslem; however, freedom meant independence and non-alignment, these matters apply to the committees of putting standards and legitimate ones in the financial Islamic organizations. While the "accountant" working in the field of accountancy application can disregard these two conditions along with adhering to the legitimate rules. In general, the accountant should be pious, accurate and of good morals. Professionally, he should

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<sup>1</sup> Especially after the last American commercial company-gates, as the giant Anron and WorldCom company gates. The US congress decided to impose a strict censorship on the accountancy companies due to their role in those gates, and the necessity to issue a law controls the censorship on accounts auditing, to insure the uprightness of companies accounts, to regain the investors' trust, to correct and to organize the accountancy profession in USA. This refers to the existence of a fault in the society structure that produced those companies, where forgery of accounts, crimes of disclosing works secrets and interests' disagreements. and the ones in charge of them. The judgment was issued to consider that the accounts auditing company "Arther Anderson" is the responsible for that gate. Unfortunately, these companies and other similar ones are the main guide to establish the accountancy standards in the world. These standards express those companies' interests.

have competence, efficiency, eloquence and reason agreeable with the job he does as its accountant and should adhere to the laws and organizing regulations besides his uprightness and non-alignment to any side.

3. **The Specialty:** The Western civilization seeks by all its means to globalize the culture, religion, economy, habits, traditions and languages of all peoples on materialistic bases. However, Islam, as a religion and life system, was a pioneer in the field of globalization<sup>2</sup>. It has addressed all people organizing their life and interests whether Moslems or not and with no attention to their colour or language and gathering them under a balanced spiritual and material banner. Consequently, the obligatory application of General Acceptance Accountancy Principles (GAAP) in the age of globalization and international agreements makes the application of the national accountancy systems impossible after the accountancy standards have become the legitimate and legal basis of accountancy profession, without which it is impossible to judge the integrity and intactness of the accountancy job for a private or public sector, individual establishment or small / big company.

Appealing to the GAAP without turning to God's rightfulness is:

- i. against the judgment which our God has chosen for us. God says: (Nissa:59- O ye who believe! obey Allah, and obey the Messenger, and those charged with authority among you. If ye differ in anything among yourselves, refer it to Allah and His Messenger, if ye do believe in Allah and the Last Day: that is best, and most suitable for final determination.). The Moslem has to obey God and his Messenger and those in charge. In case of a disagreement among Moslems, they have to turn to the Holy Quran that is God's words then the Prophet's honorable Sunna regarding saying, action or approval. God has mentioned the other day as a proof of judgment day's account because of its role and control over the individual's behavior. It is no longer embarrassing to have a look at everything valuable around us whether it is a jurisprudence (Ijtehad), interpretation, useful thing of our antecessors or of what others found valid for us; on the condition of not violating the legitimacy of God and the Sunna of his Messenger. It is wise enough to have a look at our treasures and wealth before quoting form the others.
- ii. f- The hearts of those judged should be satisfied, contented and surrendered to God's judgment because He judges by justice as He says: (Nissa:65- But no,

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<sup>2</sup> The research contained names of Moslems and jurists from different parts of the world as: Altabari, from Taberistan, Ibn Khaldoun from Ishbeliah, Alrafei from Kazween, Albokhari from Bokhara, Alghazali from Khorasan, Alkhuwarizmi from Balakh, Albaihaki from Naisabour, Alsarkhasi from Sarkhas, and Alshatebi from Ghornata.

by thy Lord, they can have no (real) Faith, until they make thee judge in all disputes between them, and find in their souls no resistance against thy decisions, but accept them with the fullest conviction).

4. **Independence:** The Islamic accountancy Fiqh has been distinguished with using specific terms to show its flexibility. Some of these terms , for example:

- a. It has replaced the term 'concept' with 'Fiqh' because it is more general and more comprehensive as a term. Thus, we can say "Markets' Fiqh" instead of "Markets' concept", "Capital Fiqh" instead of "Capital concept" and "Sales' Fiqh, Debts' Fiqh and others".
- b. It has used the term of "Maznoun, Halek: doubted or perished debts" instead of "dead or doubted-in-debts" because it is closer to their reality, lighter to the ear and easier for usage.
- c. It has used the term of "profit" to express usual profits, "Faedah: interest" to express capital profits and "Ghalah: yield" to express accidental profits.
- d. It has used the term "Keniah: property" to express the fixed assets and "Trading Aroud: trade offers" to express the current assets.

However, Accountancy Fiqh has distinguished with using techniques and policies expressing its vividness as:

- e. It excluded from the costs all what expresses "something forbidden" such as interests; and "something unjust" such as the costs of storing and transporting of monopolized and forbidden articles.
- f. It found tools to exchange the data interiorly on the level of the enterprise realizing responsibility accountancy. "Makhzomeh" is an interior conveying instrument is prepared in several copies to ascertain control from the high level to the low one through which the accountants discuss. It is a means to convey the data among the accountants whether they continued, were absent or left their work, it is ranked after the journal. In addition, "Mulakhas: the summery" or "Tali: the following", is a trial balance before the final accounts' period, is prepared by the accountant before leaving his work on its basis the next accountant starts receipt.
- g. The jurists divided debts to "Nakked debit: cash debt" and "Arroud debit: offer debt" i.e. resulting from sales; however, they divided the latter into "Hall debit: immediate desired debt" and "Marjou debit: delayed desired debt". The immediate desired debts are estimated as chattels or cash, while the delayed desired debt are estimated by what they represent a commercial offer which is the base of the debt, later that offer is valued in "Mithel price: cash the price of the equal".
- h. In the field of recognizing the revenue, the Islamic accountancy Fiqh has

considered production as a basis to admit the revenue not the sale. As God says: (Anaam: 141- But render the dues that are proper on the day that the harvest is gathered).. In farming there are no "Hawl: for two years", so every product is considered as "Nama: a growth" in itself whether industrially, agriculturally or extracting produced.

- i. The Islamic Fiqh has adopted "Mithel Price: The price of the equal" it is as the just evaluation price. Thus, it has preceded the existing argument between the conformists of cost price and current exchange price hundreds of years. It has given accountancy policies firmness and continuity that achieve justice and stability among accountancy cycles. "Mithel price: The price of the equal" is suitable to evaluate the goods of the last period such as the raw materials with their equal ones, the semi-made with their equal ones and the ready-made with their equal ones according to their time and reality.
- j. Exempting the fixed assets from evaluation in order to pay the "Zakat: alms" in return to their use as means to realize "Nama: a growth" is equivalent to considering it as "a cost". The assets can be evaluated on the basis of "Mithel price: The price of the equal". The resulting profits and loses from re-evaluation are dealt with as capital profits, which the jurists called "Faedah: interest".
- k. In "Zakat: alms' accountancy the financial statements not only were restricted to cash form but also were considered as cash or "Selaei, Aeini: real", so the two problems of re-evaluation and inflation can be got rid of.
- l. If the accountancy report got the acceptance of the two sides, it is called an "Moafakah: agreement". If it has the acceptance of one of the two sides, it is called then "Mohasabah: accountancy".
- m. Accounts' control has included the techniques of control of budgets, interior and exterior auditing, interior control system, tools and control indexes.
- n. The pattern of accounts' auditor has involved three parts:
  - What the auditor **needs** such as the documents.
  - What he **requires** such as the account-books, documents and financial statements.
  - What he **does** such as the report.
- o. Responsibility accountancy included dividing the documentary cycle, following the annual changes, inquiring and using consumption rates. The differences were attributed to natural and unnatural ones; the latter ones were attributed to the person in charge of them. The risks of frequent recording were considered. The responsibility of the auditor and his report were assigned before the high administrative sides. The timing of the data and limit of re-demanding were asked to be taken into consideration.
- p. The financial statements used (since 733 A.H.= 1355 A.D.) have included the final accounts dealing with the revenues, sales, purchases, trading, materials' accountancy, agriculture costs' accountancy, animal production accountancy,

industrial accountancy and fixed assets' accountancy going up till what we call now "Irtefaa: balance sheet". In addition, inventory data has been dealt with as goods of the last period and the opposite regular accounts and "Hawasel Madoumah: dead results". They are similar to the suits raised by and against the enterprise. The financial statements are also, counted every three years in order to tighten control over the following balance sheets, which called "Jaishiah statements", and the financial statements included the suggestions annexed to the balance sheets, and the unifying financial statements for multi-currencies.

5. **Scientism:** The scientific rooting movement came late in both cases of the traditional and Islamic accountancy. The following diagram shows that hypothesis has set off from a methodic rational imitation for an experimental reality while the hypothesis in the Islamic accountancy is of a methodic origin; it is a precedent to both methods: the experimental and deductive ones. However, the concepts in both cases belong to the followed method.
6. **Distinction:** Similarity and difference sides between Islamic and traditional accountancy determiners can be summarized as the following:

DETERMINER	ISLAMIC ACCOUNTANCY PATTERN	TRADITIONAL ACCOUNTANCY PATTERN
Economic approach	Marco	Micro
Hypothesis in the accountancy thought	Of a methodic origin. An precedent of deductive and experimental methods.	Setting off from a methodic deductive imitation for an experimental reality (experiment rationalism)
Assets' evaluation	Mithel price: The price of the Equal	The price of the historical cost
The approach in specifying the revenue	Net of assets	Net of revenue and its costs
Does money have a chronological value?	No	Yes
Is time of the independent economic resources?	No, because its sale is connected with production, as settlement sale.	Yes, it can be sold separately such as usury.
Is usury interest permissible?	No	Yes
Is there an accountancy period?	Yes	Yes
Accountancy unity concept	Private property theory	Moral character theory

The principle of continuity depends on	Violating of Islamic Sharia	Realizing the income
Financial statements	Real and cash	Cash
Economic events' concept	Financial and non financial	Financial
Are there taxes on production?	No	Possible
Are there taxes on sales?	No	Possible
Are there taxes on income?	No	Possible
Taxes are calculated on the basis of the net of	The wealth "Zakat: Alms"	Income and capitals
"Iktinaz: Saving"	Forbidden	Possible
Liquidation upon death is according to	"Mawareeth: Legacy"	Positive law
Recognizing the revenue occurs on	Production	Sale
Profit and Loss distribution happens according to an agreement	Without preaching Sharia	No matter
The capital is divided into	Good and bad	No difference with reference to newly money laundry.
Capital nature	" Motakawem: Valuated" and "Non-Motakawem: non-Valuated"	All are valuated
Assets are divided into	Only the valuated one divided to: "Keniah: property" and "Trading Aroud"	Fixed, current and cash assets regardless of their nature.
It is considered gaining	The legitimate only	Every income
Profits are divided into	Profit, "Faedah: interest and yield", "Ghalah: yield"	Profit, capital and accidental



The accountant's leaving during the year	Needs preparing "Irtifaa: balance sheet"	Does not need anything (he prepares an trial balance) as an opinion.
Mentioning non-financial data	Possible, they are "Hawasel Madoumah: dead results"	No
Financial statements	Every year and every three years and are called "Jaishiah statements"	Every year
The complementary statements	They are called suggestions	Complementary statements
Discount rate	The lowest rate the investor sacrifices to leave his money	It is the interest price
The accountancy morals	The legitimate morals	The professional morals

### Research Recommendations:

Depending on the above-mentioned, the researcher has got to the following recommendations:

- 1- This work is large and exhausting that needs co-operative efforts by the researchers and academics theoretically and by workers in companies and banks practically. Islamic organizations, academies and companies are to continue in rooting the Islamic accountancy.
- 2- The Moslem accountants have to go on in bringing out all the sides of knowledge in the Islamic accountancy due to the need of the society of the Islamic works to an accountancy reference agreeable with God's Sharia and helpful to them to carry out their work without legitimate violations. This may help in:
  - Developing the trust of the users of financial data and statements in the information issued by the organizations that follow the Islamic accountancy, to encourage on investing their money according to the Islamic Sharia. Thus, preventing the spread of non-trust among the users of the financial data and statements due to being doubted in containing false and misleading data and being unable due to containing data against the Islamic Sharia.
  - Stopping corruption by preventing bribery, exploiting people's money badly and preventing usury spread in all its kinds.
  - Individuals' harmony with the financial policies of the state without the individual's conflict with his beliefs and with what should be applied; as by preventing the duality of the individual behavior and organizations by keeping two account-books to escape from taxes (in the positive economy) and to escape from paying "Zakat: alms" really.
- 3- The possibility of applying the Islamic accountancy in all its policies and terms through making use of the surrounding developments especially after founding the financial

organizations and their achieving a remarkable success in different Islamic and non-Islamic parts.

- 4- The necessity to teach the subject of Islamic accountancy in the schools, institutes and colleges of economics, besides, other different subjects (from different international schools) taught at these bodies, nonetheless, the western accountancy scientists have recognized the increasing importance of Islamic accountancy. "Choi and Mueller" have mentioned "There is every reason to believe that in due course something labeled "Islamic accounting" will be identified and propagated in Islamic perspective is beginning to assert itself upon the international accounting scene. Its beginnings are modest, but it is fervor adamant. We believe that the Middle-East region will continue to make accounting news as the twenty-first century breaks".

----- The end -----