

The Concept of Accounting in Islamic Transactions

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Abstract : The Islamic law of transactions laid down the methods and instruments of accounting and analyzed its basic assumptions in the modern world. There is a need to examine the implications of accounting initiatives in the Muslim world and attempt to outline the important characteristics of Islamic accounting and how Islamic accounting resolves the problem of measuring the cost of Murabaha goods in case of exchange rate variation. The research tends to discuss an analytical approach to the Islamic accounting concept as well as elaborating the jurisprudential matter and practical aspects of accounting in Islamic financial transactions. It also aims to alert the practitioners of accounting in the Islamic world to be aware of the concept of accounting in Islamic jurisprudence and its historical development. The methodology adopted in this research is the qualitative method through the consultation of relevant literature, which focuses on the thematic study of the subject matter. This is followed by an analysis and discussion of the contents of the materials used. It is concluded that Islamic accounting is unique in its norms as it has been characterized by fairness, accuracy in measuring tools, truthfulness, mutual trust, moderation in making a profit, and tolerance. It was also qualified by capacity and flexibility in terms of the tools and terminology used and invented by Islamic jurisprudence in the accounting system, which indicates its validity and consistency anytime and anywhere. An important conclusion of the research also lies in the refutation of the popular idea that an Italian writer known as Luca Pacilio was the first writer who developed the basis of double-entry due to the presented proofs by Muslim scholars of critical accounting developments, which cannot be ignored. It concludes further that Islamic jurisprudence draws the accounting system codified in the foundations of a market that is far from usury, fraud, cheating, and unfair competition in all areas.

Keywords : accounting, Islamic accounting, Islamic transactions, Islamic jurisprudence, double entry, murabaha, characteristics

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