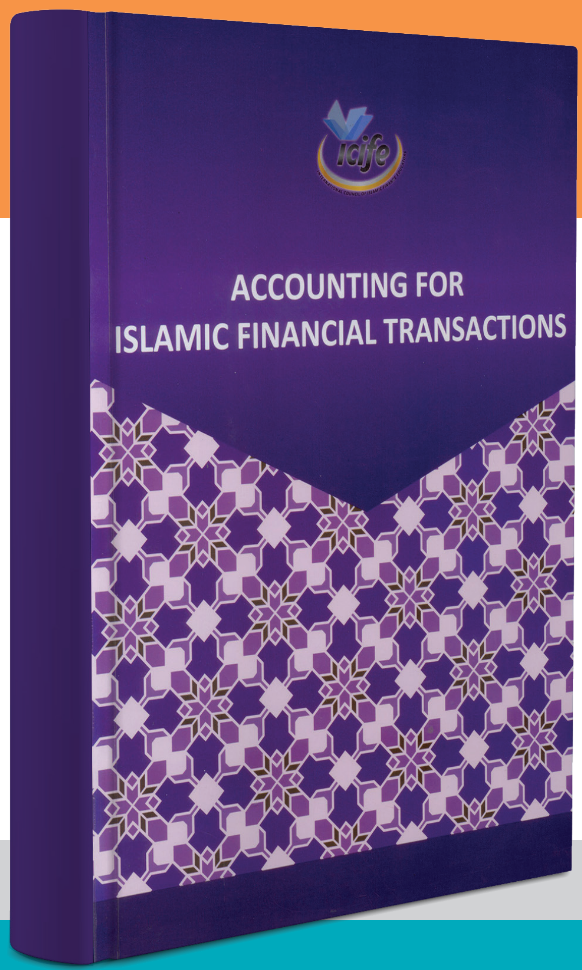


فراخوان
ترجمه کتاب

تمدید شد
تا ۱۰ شهریورماه

پژوهشکده بیمه

پژوهشکده بیمه، به منظور کمک به گسترش دانش بیمه‌ای، ترجمه کتاب

ACCOUNTING FOR ISLAMIC FINACIAL TRANSACTIONS

را در دستور کار خود قرار داده است. لذا از کلیه اساتید، پژوهشگران، صاحبنظران و کارشناسان دعوت می‌شود که در صورت تمایل به ترجمه کتاب مذکور، کاربرگ درخواست ترجمه پیوست را به همراه سوابق علمی و اجرایی خود و ترجمه صفحات ذکر شده با ذکر عنوان کتاب، حداکثر تا تاریخ ۱۴۰۲/۰۵/۱۰ به آدرس ایمیل nashr@irc.ac.ir ارسال فرمایند.

معیارهای ارزیابی	امتیازات	ضریب
کیفیت ترجمه	میانگین امتیاز ۲ داور (حداکثر ۱۰)	۱
سوابق علمی	سوابق علمی مرتبط با موضوع کتاب: دکترا ۱۰ – ارشد ۸ – کارشناسی ٦ سوابق علمی غیرمرتبط: دکترا ٤ – ارشد ۳ – کارشناسی۲	۰.۲
سوابق تالیف/ترجمه کتاب	سوابق مرتبط با موضوع کتاب: حداکثر ۱۰ امتیاز براساس نرمال‌سازی سوابق غیرمرتبط : ۲۰ درصد امتیاز فوق	۰.٤
سابقه فعالیت تخصصی در حوزه بیمه	حداکثر ۱۰ امتیاز براساس نرمال‌سازی	۰.٤

کاربرگ درخواست ترجمه کتاب

عنوان کتاب:	ACCOUNTING FOR ISLAMIC FINACIAL TRANSACTIONS
ناشر: ICIFE	**سال نشر:** 2016

الف- اطلاعات عمومی

نام و نام خانوادگی	
شغل و سمت فعلی	
مرتبه علمی (ویژه اعضای هیات‌علمی)	
آخرین مدرک تحصیلی و رشته	
آدرس	
شماره تماس ثابت	
شماره تماس همراه	
پست الکترونیک	

ب- سابقه تألیف/ترجمه (حداقل ۳ عنوان از آثار خود را اعلام بفرمائید)

ردیف	عنوان کتاب/ترجمه	سال انتشار	ناشر

ج- سابقه اجرایی

ردیف	محل خدمت	مدت زمان خدمت

TOPIC 2: ACCOUNTING FOR ISLAMIC FINANCIAL INSTITUTIONS

Objectives:
1. To differentiate between conventional and Islamic accounting.
2. To discuss the need for and development of Islamic accounting.
3. To elaborate on the regulatory and governance framework.
4. To evaluate the objectives of financial accounting for

2.1 Introduction

Religion has always exerted a profound influence on many aspects of human life and personality. Every society has a religious dimension which it shares and expresses in all aspects of the social life of individuals: their laws, their customs and habits. More importantly, religion may be regarded as the lens through which all understanding and thinking takes place, making it the foundation of all decisions and actions. As such, religious ideas and practices have always been at the centre of human activities. Religion, therefore, can reasonably be seen as part of the overall set of cultural values of a society. Thus, if culture influences accounting, by implication, religion, particularly Islam, may also influence accounting practice. More importantly, given the rise in Islamic banking and finance throughout the world, the emergence of an Islamic accounting system seems plausible.

2.2 Accounting and Islamic Accounting

Accounting is generally defined as the identification, recording, classification, interpreting and communication of economic events to permit users to make informed decisions (AAA, 1966). However, this definition focuses just on creditors, banks as well as investors. Conventional accounting also appears to concentrate primarily on economic events. In Islam, in addition to the issues just discussed, accounting should also relate to the socio-economic aspects of the *ummah*. There are two aspects in accounting. One deals with measurement issues and the other focuses on disclosure aspects. On measurement, there may not be vast differences as both adopt the double entry system and use historical and current values. It is the disclosure aspects that might be different. For example, Western conventional accounting discusses materiality in terms of the quantum whilst in Islam if a transaction is forbidden, whatever the amount, it should be disclosed. Thus, Islamic accounting is an "accounting process" which provides comprehensive information (not necessarily limited to financial data) to stakeholders of an entity enabling them to determine if the entity is continuously operating within the *Shariah* framework.

Most importantly, Islamic accounting is also a tool which enables Muslims to evaluate their accountability to Allah. Thus Islamic accounting is broader in scope. Not only is one accountable to fellow human beings, one is ultimately accountable to Allah Almighty. This is the primary and most important difference between Islamic and conventional accounting.

Business organizations in an Islamic economy must undertake activities that align with the *Shariah*. These activities must be classified, recorded and summarized using the *Shariah* framework and Islamic accounting standards to produce accounting statements for users. Information that is provided must be useful, lawful and appropriate so that users may make more informed economic and social decisions. Needless to say, Islam emphasizes on the need of the community (concept of *maslahah*).

The Need for Islamic Accounting

Accounting is a tool to achieve certain objectives. The American Accounting Association, in 1975, defines the purpose of accounting as a tool "to permit informed decisions which will enable *scarce* resources to be allocated efficiently thereby achieving social welfare". However, the basic premise of decision making is to allocate scarce resources in anathema to Islam. In Islam resources provided by Allah are adequate; it is the greed of humans that have made resources scarce.

In order for accounting to be useful, it must be relevant to its purpose. More specifically, since the environment in Muslim societies is culturally different in several respects from that of the developed West, it follows that the objectives of 'Islamic' accounting may also be different.

Given that IFIs are established to meet the socio-economic objectives of the community of believers, these institutions should logically use Islamic accounting. If such a system is used, then Muslim users will make decisions in a manner congruent with Islamic values. This will in turn achieve the socioeconomic objectives of the *Shariah*, thus strengthening the Islamic economic and financial systems.

In contrast, if conventional accounting (which was developed to meet the needs of a capitalist economy) is used, there would likely be a mismatch. This may not enable the institutions to meet the socio-economic objectives of the *Shariah*. What is even worse is that these Islamic institutions may turn into capitalist institutions, providing materialist profit-focused information instead of the holistic information provided by Islamic accounting. More importantly, using an Islamic accounting system would result in an ethical based accounting system which measures not only profits but social, environmental and religious performance.

2.3 <u>Differences between Islamic and Conventional Accounting</u>

The differences between Islamic and conventional accounting tabulated below are:

i. the objectives of providing the information
ii. the type of information identified, measured, recorded and communicated, and
iii. the users

	Islamic Accounting	**Conventional Accounting**
Objectives	i. To determine if organizations abide by the principles of the *Shariah* ii. To determine if the socio-economic objectives are achieved	i. To permit informed decisions by users whose ultimate purpose is to efficiently allocate scarce resources to their most efficient (and profitable) uses
Type of information	i. Identifies *socio-economic and religious events* and transactions. Holistic in its reporting. ii. Use current values	i. Identifies *economic* events and transactions ii. Use lower of historical cost and current values (although currently the

	iii. Deemphasizes the focus on profits. iv. Value Added Statement to replace the Income Statement v. Environmental reports vi. Social responsibility reports	emphasis is on fair value)
Users of information	Serves a wider spectrum of stakeholders i. equity holders ii. current and savings account holders iii. regulatory agencies such as central banks iv. other depositors v. investment account holders vi. *zakat* agencies, and vii. others who transact business with the company viii. community	Serving an elite group i. creditors ii. banks iii. investors iv. regulatory agencies such as central banks

Finally, one must bear in mind that Islamic accounting does not only refer to accounting for IFIs. Islamic accounting actually includes whole new areas of performance measurement, encompassing the social, environmental, economic as well as compliance with the dictates of the *Shariah*.

2.4 Deriving Islamic Accounting Objectives from Islamic Economics

Islamic economics is an ethics-based system with its principles and rules derived from the *Quran* and the *Sunnah*. The concept of '*Khilafah*' or vicegerency is pertinent. Further, given that God has provided enough resources for mankind, any scarcity is not absolute but relative to the claims on those resources. More importantly, Islam categorically states that a man has a freedom to choose between alternative uses of the resources. However, such resources should be utilized in an efficient and equitable manner in order to attain *falah*. Additionally, *falah* can only be achieved if resources are used with a sense of responsibility and constraint determined by the Divine Guidance and the objective (*maqasid*) of the *Sharia*. Thus, the ultimate objective of Islamic economics is to lead man to *falah*. Islamic accounting is similar. Its objective is also to ensure that it leads to man's well-being or success in this world as well as the hereafter. Accordingly, Islamic accounting should provide information to facilitate this socioeconomic process.

The conditions which lead to *falah* can be categorized into four dimensions: spiritual, economic, cultural and political. Given that accounting is the language of business, the focus here is thus on the economic dimension. This is discussed as follows:

Infaq
This is to spend in the way of Allah on the poor, needy, relations, neighbours and for the socio-economic good of the community.

Prohibition of *riba* (interest)
Riba is a subtle institution which is regarded as exploitative and iniquitous. The socioeconomic implication of this is the replacement of pre-determined fixed return financing instruments with profit-sharing and risk bearing instruments.

Fulfilment of Covenants (Contracts) and Trusts.
Honouring commitments and fulfilling contracts is a condition for the achievement of *falah*. This implies the fulfilment of the implicit covenant of meeting one's social and religious obligations to Allah, oneself, family, neighbours, the *ummah* (community of believers), mankind and other creatures.

Avoiding *Zulm* (injustice, exploitation and usurpation of others' rights).
Using unlawful means to acquire wealth implies taking the rights of other individuals. Subsequently, this will lead to widespread inequalities, impaired incentives and social waste. The socioeconomic implication includes the avoidance of uncertainty in contracts (*gharar*), information asymmetry, the prevention of hoarding and truth and fairness in accounting.

Seeking Allah's bounty
The believer is expected to show enterprise and effort to achieve *falah*. The socioeconomic implication is the dignity of labour and the safeguarding of labour rights, earnings from labour and fair wage practices.

Avoidance of Niggardliness
Withholding resources from society including spending on oneself and one's family deprives the community of Allah's bounty. In the economic sense, this leads to low aggregate demand and a low level of employment. Sanctions are imposed on such miserly practices. For example, *Zakat* is payable on idle wealth (money kept at home or in the bank) and idle land can be taken away by the state from the owner and given to somebody who can utilise it. Accordingly, *falah* is achieved through generosity and sacrifice as opposed to miserliness and selfishness.

2.5 Accountability and Islamic Accounting

The concept of "Islamic accountability" and not just on decision usefulness may provide the basis whereby *falah* can be operationalized. From an Islamic perspective, accountability is a basic concept ingrained in the Muslim community. More importantly, accountability forms one of the core concepts of belief---the belief in the hereafter, heaven and hell, punishment and also on accounting. In fact Islam puts special emphasis on accounting, that is, on the recording of events and actions. Verse 50:17 categorically refers to two angels recording every action of man where one angel records rightful actions and the rewards attributed to them (*sawab*) and the other records sinful actions and the sins attributed to them (*ithm*).

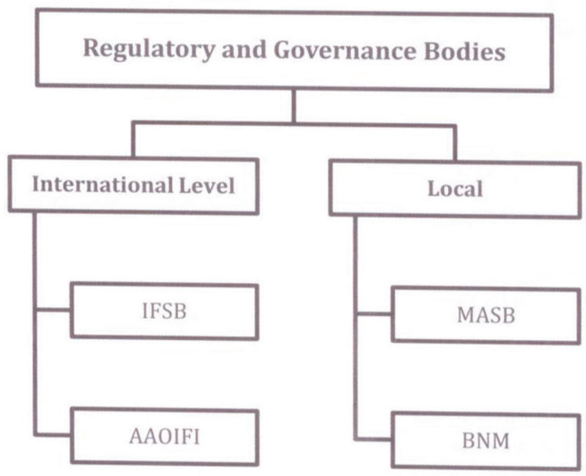
When the two Receivers receive (him), seated on the right hand and on the left (50:17)

It can thus be seen that for a believer in Islam, accountability and accounting are ingrained in the individual's belief system. Most importantly, accountability is not restricted to the spiritual aspects but the concept also extends to the social, business and contractual dealings.
Essentially, Islamic accountability is undertaking actions and giving account of the actions taken by an organisation or person in discharging its *Sharia* obligations on both the contractual and social aspects of an activity. This aids self-correction and induces the behaviour of stakeholders towards achieving *falah*. Accordingly, this will transform accounting into a social accountability perspective.

2.6 The Regulatory and Governance Framework

The regulatory and governance framework of IFIs generally include the International Financial Services Board (IFSB), the Accounting and Auditing Organizations for Islamic Financial Institutions (AAOIFI) and to some extent, the International Accounting Standards Board (IASB). The last is primarily because most countries are now adopting the International Financial Reporting Standards (IFRS) promulgated by the IASB. In Malaysia, in particular, the Malaysian Accounting Standards Board and the Central Bank of Malaysia are important organs of Islamic banking.

Figure 2.1: The Regulatory and Governance Framework



The Islamic Financial Services Board (IFSB)

The Islamic Financial Services Board (IFSB), which is based in Kuala Lumpur, started operations on 10th March 2003. IFSB acts as an international standard-setting body of regulatory and

TABLE OF CONTENTS