Roles and impacts of accounting and auditing organization for Islamic financial institutions (AAOIFI) in dealing with the accounting and disclosure of Zakah and Interest (Riba)

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Abstract
The issues of zakah and interest for IFIs have been highlighted for several years and attracted many arguments among Islamic scholars and public. The increasing public interest on the Islamic Banking since 1970s has been driven by the increasing sensitivity among Muslims to the relationship between... Read more

Keywords
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The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) was created on February 26, 1990 to ensure that participants conform to the regulations set out in Islamic finance. The founding and associate members, as well as the regulatory and supervisory authorities of the AAOIFI, define the acceptable standards for various functions. The objectives of AAOIFI 1. to develop accounting and auditing thoughts relevant to Islamic financial institutions. 2. to disseminate accounting and auditing thoughts relevant to Islamic financial institutions and its applications through training, seminars, publication of periodical newsletters, carrying out and commissioning of research and other means. It reviews how sukuk are accounted for under International Financial Reporting Standards (IFRS) and under the accounting standards promulgated by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). The purpose of financial accounting. Both standards setting bodies have set out the purposes of financial accounting as they see them. AAOIFI. AAOIFI was established in 1991 and published "Statement of Financial Accounting No. 1: Objectives of Financial Accounting for Islamic Banks and Financial Institutions" in 1993. The introduction to that statement say