

The Accounting Equation of Life in Islam: An Exploratory Study with Special Reference to Quran and Hadith

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Abstract

This exploratory study delves into how concepts such as assets, liabilities, the double-entry system, business entity, depreciation, and the accounting equation are reflected in Islamic Doctrines long before the advent of contemporary accounting practices. These teachings not only provide a moral and ethical foundation but also offer a structured approach to accountability and balance that aligns seamlessly with contemporary accounting practices. This convergence of spiritual wisdom and financial acumen underscores the eternal relevance of these principles, guiding both personal conduct and professional integrity. The study further reveals that the concepts of justice, honesty, responsibility and accountability are universal, transcending time and disciplines, thereby enriching our understanding of both spiritual and financial stewardship.

Key Words: Accounting, Quran, Hadith



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1. Introduction

1.1 Explanation of the Modern Accounting Equation and the Business Entity concept

Modern Accounting Equation

The fundamental accounting equation is a cornerstone of the field of accounting, encapsulating the relationship between a business's resources, its obligations, and the residual interest of its owners. The equation is expressed as follows:

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

Assets: These are resources owned by a business that have value and are expected to provide future benefits. In essence, assets are everything the business owns that can contribute to its benefit generation.

Liabilities: These are the business's obligations or debts that it must pay in the future.

Owner's Equity: This represents the owner's claims on the assets of the business after all liabilities have been deducted. The beauty of this equation lies in its simplicity and balance; it ensures that the books are always balanced, providing a clear snapshot of a business's performance.

Business Entity Concept

In the realm of accounting, the business entity concept is a foundational principle that treats a business as a separate and distinct entity. This concept ensures that the activities of a business are recorded and reported independently. The primary objective of this concept is to provide a clear and accurate picture of the performance of the business.

Key Points of the Business Entity Concept:

Separate Records: The business maintains its records that are distinct from its owners. This separation ensures clarity and accountability.

Responsibility: The business entity is responsible for its own debts, obligations, and activities.

1.2 Theoretical Framework

Accounting Equation and Business Entity Concept are reflected in Islamic Doctrines long before the advent of contemporary accounting practices. It is reflected through an example of human life. The human life is considered as a business entrusted by Allah (SWT). The Quran reinforces this analogy in Chapter 61, Verses 10-12, where Allah (SWT) invites believers to a “business” that leads to salvation and eternal reward in the Hereafter. **Surah As-Saff (61:10-12):** *"O you who have believed, shall I guide you to a business that will save you from a painful punishment? You believe in Allah and His Messenger and strive in the cause of Allah with your wealth and your lives. That is best for you if you should know. He will forgive for you your sins and admit you to gardens beneath which rivers flow and pleasant dwellings in gardens of perpetual residence. That is the great attainment."*

On the other hand, Islamic teaching recognizes that the human being is not the true owner of its life (Business). Human life is an amanah (trust) from Allah (SWT), and the human being should strive to use it in a way that pleases Allah (SWT). Allah's ultimate sovereignty over all life is reflected in **Surah Al-An'am (6:162)**, which states: *"Say, 'Indeed, my prayer, my rites of sacrifice, my living and my dying are for Allah, Lord of the worlds.'"* This verse reminds believers that every aspect of their lives—acts of worship, sacrifices, their existence, and even their death—should be devoted to Allah, as He is the true Owner and Sustainer of all creation.

Islamic teachings highlight the concept of human beings as stewards (Khalifah/Temporary Owner/Manager) on earth, responsible for managing their lives (business) wisely. **Surah Al-An'am (6:165):** *"And it is He who has made you successors upon the earth and has raised some of you above others in degrees [of rank] that He may try you through what He has given you. Indeed, your Lord is swift in penalty; but indeed, He is Forgiving and Merciful."* It speaks about human responsibility and the stewardship given by Allah. Every individual is responsible for their actions and will be held accountable by Allah (SWT) for the resources viz; physical fitness, mental intellect, external beauty, voice etc granted to them. At the beginning of life, humans are entrusted with resources (Assets) that balance with their obligations (Liabilities). This fundamental teaching encapsulates the relationship between resources, and its obligations. The equation is expressed as follows: Assets = Liabilities.

Resources (Assets) owned by the human being are expected to create new Intangible Assets (Divine Acceptability) to provide future benefits. The temporary owner can claim on the new assets after all liabilities have been deducted. This residual interest of the owner represents the owner's equity. The equity (net balance) reflects the overall standing of the individual, where a positive equity leads to divine rewards. Over time, the equity grows or diminishes based on how the original assets are utilized to create new assets. Thus the equation at the end of life is expressed as follows: $Assets = Liabilities + Owner's\ equity$.

The above concept is deeply rooted in the teachings of the Quran and Hadith, which emphasize that all deeds, whether good or bad, are meticulously recorded by using double entry system by the Angeles (Kiraman Katebin) and will be presented on the Day of Judgment as a theological balance sheet. Islamic doctrines ensure that the recordings are always balanced, providing a clear snapshot of an individual's life performance.

This notion of accountability encourages Muslims to lead righteous lives, aware that every action has consequences and will be judged by the Almighty.

2. Rationale of the Study

The rationale for this study stems from the profound integration of spiritual principles within the socio-economic and ethical paradigms of Islam. By examining the "Accounting Equation of Life" through the lens of the Quran and Hadith, this study explores how Islamic teachings provide a comprehensive framework for achieving balance and equity in one's personal and communal life. This investigation is crucial in shedding light on how the foundational texts of Islam guide adherents in their daily affairs and moral decisions, offering a timeless and holistic approach to life's multifaceted dimensions. The study will elucidate the relevance of these principles in contemporary settings, providing valuable insights for the believers in understanding the interplay between faith and practical life management.

3. Objective of the study

The main objective of this study is to explore the intriguing analogy between Modern Accounting System and the Divine Accounting System maintained by Kiraman Katibin. By examining this analogy, the specific objective of the paper is to provide a deeper understanding of how individuals are accountable for

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their actions and how these actions are being recorded and evaluated independently, much like the activities of a business entity.

Goals of the Article:

To demonstrate how the concept of modern accounting was deeply rooted in Islam even before the introduction of modern accounting;

To highlight how Islamic Teachings, underscore the importance of record-keeping and accountability, akin to the roles of accountants and auditors;

To draw parallels with double-entry bookkeeping: the recording system of angels, Kiraman Katibin, records every good deed (creating an asset) and every bad deed (creating a liability);

To showcase how, just like in accounting where the net difference between revenues and expenses determines profit or loss, the balance of good and bad deeds determines one's spiritual standing;

To showcase final disclosure that every soul will find on the day of judgement, reflecting an ultimate balance sheet reviewed by the divine.

4. Methodology of the Study

This study adopts a structured qualitative methodology to draw an effective analogy between modern accounting and spiritual recordkeeping as described in the Quran and Hadith. The methodology ensures a thoughtful exploration of the analogy between these two domains. The key steps of the comparative study are as follows:

Reviewing the concepts of Modern Accounting and Spiritual Recordkeeping

Modern Accounting: Review the principles, frameworks, and practices of modern accounting.

Spiritual Recordkeeping: Review the recordkeeping of the angels, *kiraman katebin* and the concept of spiritual accountability.

Developing Theoretical Framework

Develop an understanding of the principles of spiritual recordkeeping, focusing on themes like justice, accountability, intention, and ethical behavior in Islam. Identify the existence of key concepts such as the accounting equation and double-entry principle in the divine accounting system.

Integrate the relevant Quranic verses and Hadith

Collect Quranic verses and Hadith that reference *kiraman katebin* and related spiritual concepts.

Comparative Analysis

Comparison: Compare and contrast the principles and practices of modern accounting with the concepts of spiritual recordkeeping.

Theme Identification: Identify common themes, such as the emphasis on accountability, transparency, and ethical behavior.

Summary: Summarize the key findings and analogies.

5. Discussion

5.1 Assets Entrusted to Human Beings

Allah (SWT) gifts the following assets to human beings and holds them accountable for their proper use, using references from the Quran and Hadith:

(I). Physical Fitness

Quranic Reference:

Surah Al-Baqarah (2:195): *"And spend in the way of Allah and do not throw [yourselves] with your [own] hands into destruction [by refraining]. And do good; indeed, Allah loves the doers of good."*

This verse encourages believers to use their physical strength and resources in the way of Allah, highlighting the responsibility of maintaining physical fitness and using it for good deeds.

Hadith Reference:

The Prophet Muhammad (SAW) said: *"A strong believer is better and more beloved to Allah than a weak believer, while there is good in both."* (*Sahih Muslim*)

This hadith emphasizes the importance of physical strength and fitness, and how a strong believer can be more effective in serving Allah's cause.

(II). Mental Intellect

Quranic Reference:

Surah Al-Mulk (67:10): *"And they will say, 'If only we had been listening or reasoning, we would not be among the companions of the Blaze.'"*

This verse highlights the importance of using one's intellect to understand and follow the guidance of Allah (SWT).

Hadith Reference:

The Prophet Muhammad (SAW) said: *"Seeking knowledge is an obligation upon every Muslim."* (Sunan Ibn Majah)

This hadith underscores the value of using one's mental intellect to seek knowledge, which is considered a form of worship and a means of drawing closer to Allah.

(III). External Beauty

Quranic Reference:

Surah An-Nur (24:31): *"And tell the believing women to lower their gaze and guard their private parts and not to expose their adornment except that which [necessarily] appears thereof..."*

This verse advises believers to use their external beauty modestly and in accordance with Islamic teachings.

Hadith Reference:

The Prophet Muhammad (SAW) said: *"Allah is beautiful and loves beauty. Arrogance is disdainful of the truth and despising people."* (Sahih Muslim)

This hadith reflects the importance of appreciating and using one's beauty in a humble and appropriate manner.

(IV). Voice

Quranic Reference:

Surah Luqman (31:19): *"And be moderate in your pace and lower your voice; indeed, the most disagreeable of sounds is the voice of donkeys."*

This verse advises on the proper use of one's voice, advocating for moderation and humility in speech.

Hadith Reference:

The Prophet Muhammad (SAW) said: *"The best among you is the one who learns the Quran and teaches it."* (Sahih Bukhari)

This hadith emphasizes using one's voice to recite and teach the Quran, which is a highly rewarded act in Islam.

(V). Inherited Property

Quranic Reference:

Surah An-Nisa (4:7): *"For men is a share of what the parents and close relatives leave, and for women is a share of what the parents and close relatives leave, be it little or much - an obligatory share."*

This verse establishes the right to inherit property, which is considered an asset bestowed by Allah (SWT).

Hadith Reference:

The Prophet Muhammad (SAW) said: *"When a man dies, his deeds come to an end except for three things: Sadaqah Jariyah (ongoing charity), knowledge which is beneficial, or a virtuous descendant who prays for him (the deceased)."* (Sahih Muslim)

This hadith underscores the importance of using inherited property (an asset) for ongoing charity, which continues to benefit the deceased in the hereafter.

These references from the Quran and Hadith illustrate the concept that the assets provided by Allah (SWT) come with responsibilities and that humans are accountable for their use. Properly managing these assets in ways that please Allah (SWT) ensures spiritual success and rewards in the hereafter.

5.2 Assets Entrusted to Human being are to be depreciated gradually in the finite lifespan

The assets given by Allah (SWT) to humans, such as physical strength, mental intellect, external beauty, and voice, are meant to depreciate gradually over a human's finite lifespan. This can be justified with references from the Quran and Hadith.

Quranic References

(I). Physical Strength:

Surah Ya-Sin (36:68): *"And he to whom We grant long life We reverse in creation; so will they not understand?"*

This verse illustrates that as people age, their physical strength and abilities decline, which is a natural process ordained by Allah (SWT).

(II). Mental Intellect:

Surah Al-Hajj (22:5): *"O mankind, if you should be in doubt about the Resurrection, then [consider that] We created you from dust, then from a sperm-drop, then from a clinging clot, and then from a lump [of flesh], formed and unformed - that We may show you. And We settle in the wombs whom We will for a specified term, then We bring you out as a child, and then [We develop you] that you may reach your [time of] maturity. And among you is he who is taken in death, and among you is he who is returned to the most decrepit old age so that he knows, after [once having] knowledge, nothing. And you see the earth barren, but when We send down upon it rain, it quivers and swells and grows [something] of every beautiful kind."*

This verse acknowledges the loss of mental faculties and knowledge in old age, indicating a natural depreciation of mental intellect over time.

(III). External Beauty:

Surah Ar-Rum (30:54): *"Allah is the one who created you from weakness, then made after weakness strength, then made after strength weakness and white hair. He creates what He wills, and He is the Knowing, the Competent."*

This verse highlights the stages of life, including the decline in physical appearance and strength as one ages, demonstrating the concept of depreciation.

(IV). Voice:

While the Quran does not directly address the decline in voice quality, the principle of aging and the decline in physical faculties applies here as well. The natural process of aging affects all physical abilities, including one's voice.

Hadith References

(I). On Aging and Decline:

The Prophet Muhammad (SAW) said: *"The son of Adam grows old, but two things remain young in him: desire for wealth and desire for life."* (Sahih Muslim)

This hadith acknowledges the natural aging process and the decline of physical and mental faculties, despite enduring desires.

(II). On Physical Decline:

The Prophet Muhammad (SAW) said: *"Take benefit of five before five: your youth before your old age, your health before your sickness, your wealth before your poverty, your free-time before your preoccupation, and your life before your death."* (Narrated by Ibn Abbas and reported by Al-Hakim)

This hadith encourages the proactive use of one's assets before they depreciate with age and other life changes.

These references from the Quran and Hadith illustrate the Islamic understanding that human abilities are finite and diminish over time. This depreciation serves to remind believers of the importance of using their Allah-given assets wisely and for good deeds, aligning their actions with guidance of Allah (SWT).

5.3 Good Deeds create new intangible assets

Assets are resources owned by an entity that are expected to provide future benefits. These resources can be either tangible or intangible. Assets are vital to an entity's ability to generate future benefit and achieve ultimate goals.

These are some references that highlight how the good deeds performed by individuals can create new assets such as:

- (A) Social Acceptability: Acceptability and Goodwill to other human beings
- (B) Devine Acceptability: Acceptability and goodwill to Almighty Allah SWT)

5.3.1 Good Deeds and Acceptability to Other Human Beings:

Surah An-Nisa (4:36): *"Serve Allah, and join not any partners with Him; and do good to parents, kinsfolk, orphans, those in need, neighbors who are near, neighbors who are strangers, the companion by your side, the wayfarer (you meet), and what your right hands possess: For Allah loves not the arrogant, the vainglorious."*

This verse emphasizes performing good deeds towards others, which naturally builds social acceptance and goodwill within the community.

Hadith Reference:

The Prophet Muhammad (SAW) said: *"None of you [truly] believes until he loves for his brother what he loves for himself."* (Sahih Bukhari & Sahih Muslim)

This hadith emphasizes the importance of treating others with kindness and fairness, which fosters mutual respect and acceptability among people.

5.3.2 Good Deeds and Acceptability to Almighty Allah (SWT):

(I). Surah Al-Baqarah (2:25): *"And give good tidings to those who believe and do righteous deeds that they will have gardens [in Paradise] beneath which rivers flow. Whenever they are provided with a provision of fruit therefrom, they will say, 'This is what we were provided with before.' And it is given to them in likeness. And they will have therein purified spouses, and they will abide therein eternally."*

This verse promises rewards from Allah (SWT) for those who perform good deeds, indicating divine favor and acceptance.

(II). Surah Al-Imran (3:172-174): *"Those who responded to [the call of] Allah and the Messenger after injury had struck them. For those who did good among them and feared Allah is a great reward. Those to whom people [i.e., hypocrites] said, 'Indeed, the people have gathered against you, so fear them.' But it [merely] increased them in faith, and they said, 'Sufficient for us is Allah, and [He is] the best Disposer of affairs.' So they returned with favor from Allah and bounty, no harm having touched them. And they pursued the pleasure of Allah, and Allah is the possessor of great bounty."*

These verses show that those who act righteously and fear Allah are rewarded with His favor and bounty, demonstrating the acceptability to Almighty Allah (SWT).

Hadith Reference:

The Prophet Muhammad (SAW) said: *"The most beloved of deeds to Allah are the most consistent, even if small."* (Sahih Bukhari)

This hadith highlights that consistent good deeds are highly valued by Allah (SWT), leading to His acceptance and favor.

5.3.3 Justifying New Assets: Social and Divine Acceptance

From a spiritual perspective, the good deeds performed by an individual are akin to generating revenue. This "revenue" can be seen as increasing one's spiritual wealth, which can lead to the creation of new assets:

(A). Social Acceptability:

Good Deeds and Social Respect: When individuals engage in good deeds, such as helping others, being kind, and acting ethically, they earn respect and trust within their community. This respect and goodwill can lead to ongoing benefits, much like Sadaqah Jariyah.

Positive Influence: A person who is socially acceptable often influences others positively, encouraging them to also engage in good deeds. This ripple effect multiplies the initial good deed, creating a continuous cycle of benefit.

(B). Divine Acceptability:

Continuous Rewards: Good deeds that are socially acceptable and benefit others can be considered a form of continuous charity (Sadaqah Jariyah). These deeds earn divine favor and accumulate rewards for the doer, even after their passing.

Spiritual Growth: Social acceptability aligns with Islamic teachings on community and charity, enhancing one's spiritual standing with Allah (SWT).

These assets are invaluable as they contribute to a person's spiritual and social well-being, both in this life and the hereafter. The principles outlined in the

Quran and Hadith emphasize the importance of leveraging one's deeds to earn the acceptance and blessings of both people and Allah (SWT).

5.3.4 Social acceptability generates reward in the life hereafter like as divine acceptability

Let's delve into how social acceptability can generate ongoing rewards (Sadaqah Jariyah) similar to the rewards of divine acceptability in the hereafter, using references from the Quran and Hadith.

Social Acceptability and Sadaqah Jariyah

Social acceptability is earned through good deeds, ethical behavior, and contributing positively to society. This acceptance and respect can lead to ongoing rewards, much like Sadaqah Jariyah, which refers to a continuous charity that benefits others and accrues rewards for the giver even after their death.

Quranic References

(I). Surah Al-Baqarah (2:261): *"The example of those who spend their wealth in the way of Allah is like a seed [of grain] that sprouts seven ears; in every ear there are a hundred grains. And Allah multiplies [further] for whom He wills. And Allah is all-Encompassing and Knowing."*

This verse highlights that spending in the way of Allah (including acts that enhance social acceptability) leads to multiplied rewards, similar to Sadaqah Jariyah, which continues to yield benefits.

(II). Surah An-Nahl (16:97): *"Whoever does righteousness, whether male or female, while he is a believer - We will surely cause him to live a good life, and We will surely give them their reward [in the Hereafter] according to the best of what they used to do."*

This verse emphasizes that righteous deeds lead to a good life and rewards in the hereafter, implying that socially acceptable actions can accrue ongoing benefits.

Hadith References

(I). The Prophet Muhammad (SAW) said: *"When a man dies, his deeds come to an end except for three things: Sadaqah Jariyah (ongoing charity),*

knowledge which is beneficial, or a virtuous descendant who prays for him (the deceased)." (Sahih Muslim)

This hadith explicitly mentions that certain deeds, including continuous charity, continue to benefit the individual after death. Acts that build social acceptability and contribute positively to the community can fall under this category.

(II). The Prophet Muhammad (SAW) said: *"The best of people are those that bring the most benefit to the rest of mankind." (Daraqutni)*

This hadith underscores the value of contributing to the welfare of others. Acts that improve one's social acceptability through beneficial contributions can lead to ongoing rewards.

5.3.5 The role of Intention and consistency in creating assets

Importance of Intention (Niyah)

In Islam, intention (niyyah) plays a crucial role in determining the value and acceptability of deeds. The sincerity and purpose behind an action significantly impact its reward and recognition by Allah (SWT). The concept of niyyah underscores that acts of worship and good deeds must be performed with the right intention to earn divine favor.

Hadith Reference:

Sahih Bukhari: *"Actions are judged by intentions, and everyone will get what was intended. Whoever migrates with an intention for Allah and His Messenger, the migration will be for the sake of Allah and His Messenger. And whoever migrates for worldly gain or to marry a woman, then his migration will be for the sake of whatever he migrated for."*

This hadith highlights that the true value of an action lies in the intention behind it. The same physical act can have entirely different spiritual outcomes based on the niyyah of the individual performing it.

Impact of Intention on Deeds:

Purity of Purpose: For an action to be accepted by Allah, it must be done solely for His sake. Acts performed with impure motives, such as showing off or seeking personal gain, lose their spiritual value.

Elevation of Ordinary Deeds: Even mundane activities, when performed with a sincere intention to please Allah, can become acts of worship. For example, providing for one's family with the intention of fulfilling one's duty can be rewarded as a righteous deed.

Accountability: Intention also plays a role in determining the accountability of actions. Unintentional mistakes are treated differently from deliberate wrongdoings, emphasizing the importance of niyyah in moral and ethical judgment.

Consistency in Good Deeds

Consistency in performing good deeds is highly valued in Islam. It reflects a sustained commitment to righteousness and devotion to Allah (SWT). Consistent good deeds, even if small, are preferable to sporadic acts of worship, as they demonstrate perseverance and sincerity.

Hadith References:

The Prophet Muhammad (SAW) said: *"The most beloved of deeds to Allah are the most consistent, even if small."* (Sahih Bukhari)

This hadith underscores the importance of maintaining regularity in good actions. Small, consistent deeds are more pleasing to Allah than large but infrequent acts.

Benefits of Consistency in Good Deeds:

Spiritual Growth: Regular engagement in good deeds helps cultivate a habit of righteousness and fosters spiritual growth. It keeps the believer constantly connected to Allah and mindful of their faith.

Building Resilience: Consistency in good deeds builds resilience and discipline, enabling believers to withstand challenges and temptations more effectively.

Cumulative Rewards: Consistent actions, even if small, accumulate over time, leading to significant spiritual rewards. The steady accumulation of good deeds ensures a positive balance on one's spiritual "balance sheet."

Examples of Consistent Good Deeds:

Daily Prayers: Performing the five daily prayers regularly is a cornerstone of Islamic practice, demonstrating consistency in worship.

Charity and Kindness: Regular acts of charity and kindness, no matter how small, contribute to ongoing rewards and social goodwill.

Seeking Knowledge: Continuously striving to gain and apply beneficial knowledge is a form of consistent good deed that enriches both the individual and the community.

The role of intention and consistency is pivotal in Islam. The sincerity of one's intention determines the value of their actions, while consistency in good deeds reflects a sustained commitment to faith and righteousness. By emphasizing these principles, Islamic teachings encourage believers to maintain a steady course of ethical and spiritual practices, ensuring the creation of new assets.

5.4 Bad Deeds increase liability

Indeed, the Quran frequently emphasizes that bad deeds create a liability for individuals before Allah (SWT). These liabilities must be accounted for, and they can result in punishment or loss in the hereafter if not repented for and forgiven. Here are some relevant Quranic references:

Surah Al-Zalzalah (99:7-8): *"So whoever does an atom's weight of good will see it, and whoever does an atom's weight of evil will see it."*

This verse highlights that all deeds, good or bad, are recorded and will be shown to the individual, making them accountable for their actions.

Surah Al-Imran (3:30): *"The Day every soul will find what it has done of good present [before it] and what it has done of evil, it will wish that between itself and that [evil] was a great distance. And Allah warns you of Himself, and Allah is Kind to [His] servants."*

This verse indicates that individuals will see their bad deeds on the Day of Judgment and will wish to distance themselves from these actions, emphasizing accountability.

Surah Ghafir (40:17): *"This Day every soul will be recompensed for what it earned. No injustice today! Indeed, Allah is swift in account."*

Here, the verse underscores that everyone will be recompensed for their deeds, with no injustice, reflecting the precise accountability of Allah (SWT).

Surah Al-Kahf (18:49): *"And the record [of deeds] will be placed [open], and you will see the criminals fearful of that within it, and they will say, 'Oh, woe to us! What is this book that leaves nothing small or great except that it has enumerated it?' And they will find what they did present [before them]. And your Lord does injustice to no one."*

This verse describes the comprehensive nature of the record of deeds, where nothing is left out, making individuals fully accountable for their actions.

Surah An-Nisa (4:123): *"Paradise is not [obtained] by your wishful thinking nor by that of the People of the Scripture. Whoever does a wrong will be recompensed for it and will not find besides Allah a protector or a helper."*

This verse makes it clear that those who commit wrongs will be recompensed, reinforcing the idea of accountability for bad deeds.

These references from the Quran illustrate that bad deeds create liabilities that individuals must answer for. The accountability system in Islam ensures that every action is recorded and judged fairly.

5.5 Recording of Deeds by Angels vs. Double-Entry Bookkeeping

Allah (SWT) has assigned two angels, known as the "Kiraman Katibin," to every individual. One angel records the good deeds, while the other records the bad deeds. This is explicitly mentioned in the Qur'an. **Surah Qaf, 50:17-18:** *"When the two receivers receive (him), one sitting on the right and the other on the left. Not a word does he utter but there is a watcher by him ready (to record it)."* This highlights the constant presence and diligence of the angels in recording all human actions. According to Islamic tradition, the angel on the right shoulder is responsible for recording good deeds (credit), while the angel on the left shoulder records bad deeds (debit). This resembles a ledger system, where actions are meticulously documented. This spiritual record-keeping can

be analogized to the double-entry system of modern accounting, which ensures that every transaction affects at least two accounts, maintaining balance within the accounting equation.

Analogies:

(I) Good Deeds as Assets:

Good deeds generate moral **Asset**. They are considered positive actions that increase an individual's moral or spiritual capital.

Journal Entry: When a good deed is performed:

New Assets A/C Dr.

Good Deeds A/C Cr.

Reference from the Quran:

Surah Al-Zalzalah (99:7-8): *“So whoever does an atom's weight of good will see it, and whoever does an atom's weight of evil will see it.”*

This verse emphasizes that all actions, however small, are recorded and will be accounted for, highlighting the importance of every good deed.

(II) Bad Deeds as Liabilities:

Bad deeds generate **liabilities**. They represent negative actions that create a moral or spiritual debt.

Journal Entry: When a bad deed is committed:

Bad Deeds A/C Dr.

Liabilities A/C Cr.

Reference from the Quran:

Surah Al-Infitar (82:10-12): *“But verily, over you (are appointed angels) to watch you, kind and honorable, writing down (your deeds).”*

This verse indicates that both good and bad deeds are meticulously recorded by the angels, implying a system of accountability similar to liabilities in accounting.

Reference from Hadith:

Sahih Muslim: Abu Huraira reported: The Messenger of Allah (SWT) said, *"Abu Huraira reported: The Messenger of Allah (SWT) said, 'Whoever performs a good deed will have his reward multiplied tenfold or more. Whoever performs an evil deed will be repaid in kind...'"*

This hadith highlights the recording and repayment (accountability) of both good and bad deeds, drawing a parallel to the accumulation and repayment of liabilities in accounting.

(III) Creating New Assets through the depletion of original asset:

When depletion of original assets brings positive outcomes or benefits, it is similar to the conversion of original assets into new assets in accounting, where the value is transferred to new assets.

Journal Entry: For creating new assets through the depletion of original assets:

New Assets A/C Dr.
Original Assets A/C Cr.

Reference from Hadith:

Sahih Bukhari: *"The Prophet (SAW) said, 'The deeds are considered by the intentions, and a person will get the reward according to his intention...'"*

This hadith emphasizes that the intention behind good deeds leads to ongoing rewards, much like how new assets are created through amortization

(IV) Misuse of Original Assets:

Misuse or deterioration of original assets can be compared to the negative impact of certain actions. This is recorded as a loss of moral worth, reducing the value of the original assets.

Journal Entry: For misuse of original assets:

Loss of moral worth A/C Dr.
Original Assets A/C Cr.

Reference from Hadith:

Sahih Muslim: *"Abu Huraira reported: The Messenger of Allah (SWT) said, 'Whoever performs a good deed will have his reward multiplied tenfold or more. Whoever performs an evil deed will be repaid in kind...'"*

The concept of being repaid in kind for evil deeds highlights the reduction of moral worth, similar to the depreciation or loss in the value of assets.

(V) Net Moral Worth:

The difference between good deeds and bad deeds can be considered as the net moral worth, akin to the owner's equity in accounting. This net result is the accumulated moral or ethical standing of an individual.

The moral accounting equation would be:

Assets (Good Deeds) = Liabilities (Bad Deeds) + Owner's Equity (Net Moral Worth)

This analogy helps in understanding the systematic and balanced nature of recording deeds, ensuring accountability and transparency in spiritual context.

Reference from the Quran:

Sura Al-A'raf (7: 8-9): *"And the weighing [of deeds] that Day will be the truth. So those whose scales are heavy—it is they who will be the successful." "And those whose scales are light—they are the ones who have lost their souls, for they used to wrong Our signs."*

5.6 Detailed Theological Balance Sheet

A sample Balance Sheet of a human life on the Day of Resurrection, using the analogy of modern accounting principles and supported by the Quranic and Hadith is developed and presented below:

Balance Sheet of a Human Life As on the Day of Resurrection

Assets:	Quranic/Hadith Reference	Amount
Description		
Devine Acceptability Through Good Deeds:		
- Charity (Sadaqah)	Surah Al-Baqarah (2:261); Sahih Bukhari	Positive
- Kindness to Others	Surah An-Nisa (4:36); Daraqutni	Positive
- Acts of Worship (Salah, etc.)	Surah Al-Mu'minin (23:1-2); Sahih Bukhari	Positive
- Seeking Knowledge	Surah Al-Mulk (67:10); Sunan Ibn Majah	Positive
Divine Favor	Surah Al-Baqarah (2:25); Surah Al-Imran (3:172-174)	Positive
Social Acceptability	Surah Al-Mumtahina (60:8)	Positive
		Total Assets
Liabilities:		
Description	Quranic/Hadith Reference	Amount
Liabilities through Bad Deeds:		
- Injustice	Surah An-Nisa (4:123); Sahih Muslim	Negative
- Disobedience	Surah Al-Imran (3:177); Sahih Bukhari	Negative
-Neglecting Obligations	Surah Al-Baqarah (2:286); Tirmidhi	Negative
Spiritual Debts	Surah Al-Isra (17:36); Sahih Bukhari	Negative
		Total Liabilities

Net Balance (Equity) = Total Assets - Total Liabilities [Surah Al-Mu'minun (23:102-103)]

The net balance (equity) reflects the overall standing of the individual, where a surplus of good deeds leads to divine rewards, and a surplus of bad deeds leads to spiritual consequences (Surah Al-Mu'minun (23:102-103)). This is similar to how a balance sheet shows the net financial position of a business. This sample balance sheet provides a detailed view of an individual's spiritual record, illustrating the accountability and meticulous record-keeping.

Explanation of Entries

1. Assets (Good Deeds):

Charity (Sadaqah): Donations and acts of charity are highly valued.

Quran: Surah Al-Baqarah (2:261) - *"The example of those who spend their wealth in the way of Allah..."*

Hadith: Sahih Bukhari - *"The best of charity is that given in Ramadan."*

Kindness to Others: Treating others well generates social goodwill.

Quran: Surah An-Nisa (4:36) - *"...and do good to parents, kinsfolk, orphans, those in need..."*

Hadith: Darauqtni - *"The best of people are those that bring the most benefit to the rest of mankind."*

Acts of Worship: Regular prayers and other acts of worship contribute to divine favor.

Quran: Surah Al-Mu'minun (23:1-2) - *"Certainly will the believers have succeeded: They who are during their prayer humbly submissive."*

Hadith: Sahih Bukhari - *"The most beloved of deeds to Allah are the most consistent, even if small."*

Seeking Knowledge: Pursuing and applying beneficial knowledge.

Quran: Surah Al-Mulk (67:10) - *"And they will say, 'If only we had been listening or reasoning...'"*

Hadith: Sunan Ibn Majah - *"Seeking knowledge is an obligation upon every Muslim."*

1. Divine Favor

Surah Al-Baqarah (2:25): *"And give good tidings to those who believe and do righteous deeds that they will have gardens [in Paradise] beneath which rivers flow. Whenever they are provided with a provision of fruit therefrom, they will say, 'This is what we were provided with before.' And it is given to them in likeness. And they will have therein purified spouses, and they will abide therein eternally."*

Surah Al-Imran (3:172-174): *"Those who responded to [the call of] Allah and the Messenger after injury had struck them. For those who did good among them and feared Allah is a great reward. Those to whom people [i.e., hypocrites] said, 'Indeed, the people have gathered against you, so fear them.' But it [merely] increased them in faith, and they said, 'Sufficient for us is Allah, and [He is] the best Disposer of affairs.' So they returned with favor from Allah and bounty, no harm having touched them. And they pursued the pleasure of Allah, and Allah is the possessor of great bounty."*

2. Social Acceptability:

Surah Al-Mumtahina (60:8): *"Allah does not forbid you from those who do not fight you because of religion and do not expel you from your homes - from being righteous toward them and acting justly toward them. Indeed, Allah loves those who act justly."*

3. Liabilities (Bad Deeds):

Injustice: Acts of injustice create spiritual liabilities.

Quran: Surah An-Nisa (4:123) - *"...Whoever does a wrong will be recompensed for it..."*

Hadith: Sahih Muslim - *"Beware of injustice, for injustice will be darkness on the Day of Resurrection."*

Disobedience: Disobedience and wrongful acts are liabilities.

Quran: Surah Al-Imran (3:177) - *"...those who have purchased disbelief [in exchange] for faith..."*

Hadith: Sahih Bukhari - *"On the Day of Judgment, the deeds of the people will be weighed..."*

Neglecting Obligations: Failing to fulfill responsibilities incurs liabilities.

Quran: Surah Al-Baqarah (2:286) - *"Allah does not burden a soul beyond that it can bear..."*

Hadith: Tirmidhi - *"The feet of the son of Adam will not move on the Day of Resurrection before he is asked about..."*

4. Spiritual Debt:

Sahih Bukhari: The Prophet Muhammad said, *"The feet of the son of Adam will not move on the Day of Resurrection before he is asked about five things: his life and how he spent it, his youth and how he used it, his wealth and how he earned it and spent it, and what he did with the knowledge he had."*

5. Net Balance:

Surah Al-Mu'minun (23:102-103): *"Then those whose scales are heavy [with good deeds] - it is they who will be the successful. But those whose scales are light - those are the ones who have lost their souls, [being] in Hell, abiding eternally."*

6. Summary and Conclusion:

Through the exploration of Quranic verses and Hadiths, it becomes evident that these divine texts provide a comprehensive framework for understanding assets, liabilities, accountability, and balance, which resonate strongly with contemporary accounting practices.

Assets and Good Deeds: In accounting, assets are valuable resources expected to yield future benefits. Similarly, the Quran defines 'good deeds' as 'spiritual assets', enhancing one's moral and spiritual standing. As stated in Surah Az-Zalzalah (99:7), *"So whoever does an atom's weight of good will see it,"* emphasizing the significance of every positive action as an enduring asset.

Liabilities and Bad Deeds: Liabilities represent obligations or debts that must be settled. In Islamic teachings ‘bad deeds’ are viewed as ‘moral debts’ that negatively impact an individual's balance. The Quran, in Surah Al-Infitar (82:10-12), elucidates this by stating that all actions are recorded by the angels, ensuring accountability akin to the recording of liabilities in accounting.

Double-Entry System and Accountability: The double-entry system ensures that every transaction impact at least two accounts, maintaining balance within the accounting equation. This duality is clearly found in Islamic teachings, where good and bad deeds are meticulously recorded by Kiraman Katibin. Surah Qaf (50:17-18) illustrates this dual recording, ensuring that every action is accounted for, just as every financial transaction is balanced in accounting.

Depreciation of Assets: Depreciation in accounting signifies the reduction in the value of assets over time. This concept is paralleled in the Quran and Hadith with the decline in physical and mental capabilities. Surah Ya-Sin (36:68) states, *"And he to whom We grant long life We reverse in creation; so, will they not understand?"* This reflects the natural depreciation of human faculties, much like the accounting treatment of asset depreciation.

Accounting Equation: The accounting equation (Assets = Liabilities + Owner's Equity) underscores the necessity of balance and accountability. Islamic teachings emphasize a similar moral equilibrium, where the net result of one's deeds determines their overall standing. The Prophet Muhammad (SM) affirmed this balance, stating, *"On the Day of Judgment, the deeds of the people will be weighed"* (Sahih Bukhari).

Through these analogies, it can be inferred that the core concepts of modern accounting were deeply embedded in the Quran and Hadith centuries before their formal articulation. These teachings not only provide a moral and ethical foundation but also offer a structured approach to balance and accountability that aligns seamlessly with contemporary accounting practices. This convergence underscores the timeless wisdom of these spiritual principles and their enduring relevance in guiding both personal conduct and professional integrity. By appreciating these correlations, we gain a deeper understanding of how divine wisdom has shaped modern methodologies, reinforcing the universal principles of justice, honesty, and responsibility in all aspects of life.

7. References

To ensure the accuracy and credibility of the information presented in the article, it is important to provide a comprehensive list of all the Quranic verses and Hadith references used.

Quranic References:

1. Surah Al-Baqarah (2:25):

"And give good tidings to those who believe and do righteous deeds that they will have gardens [in Paradise] beneath which rivers flow. Whenever they are provided with a provision of fruit therefrom, they will say, 'This is what we were provided with before.' And it is given to them in likeness. And they will have therein purified spouses, and they will abide therein eternally."

2. Surah Al-Baqarah (2:195):

"And spend in the way of Allah and do not throw [yourselves] with your [own] hands into destruction [by refraining]. And do good; indeed, Allah loves the doers of good."

3. Surah Al-Baqarah (2:261):

"The example of those who spend their wealth in the way of Allah is like a seed [of grain] that sprouts seven ears; in every ear there are a hundred grains. And Allah multiplies [further] for whom He wills. And Allah is all-Encompassing and Knowing."

4. Surah Al-Baqarah (2:286):

"Allah does not burden a soul beyond that it can bear... It will have [the consequence of] what [good] it has gained, and it will bear [the consequence of] what [evil] it has earned."

5. Surah Al-Imran (3:30):

"The Day every soul will find what it has done of good present [before it] and what it has done of evil, it will wish that between itself and that [evil] was a great distance. And Allah warns you of Himself, and Allah is Kind to [His] servants."

6. Surah Al-Imran (3:172-174):

"Those who responded to [the call of] Allah and the Messenger after injury had struck them. For those who did good among them and feared Allah is a great reward. Those to whom people [i.e., hypocrites] said, 'Indeed, the people have gathered against you, so fear them.' But it [merely] increased them in faith, and they said, 'Sufficient for us is Allah, and [He is] the best Disposer of affairs.' So they returned with favor from Allah and bounty, no harm having touched them. And they pursued the pleasure of Allah, and Allah is the possessor of great bounty."

7. Surah Al-Imran (3:177):

"Indeed, those who have purchased disbelief [in exchange] for faith - never will they harm Allah at all, and for them is a painful punishment."

8. Surah An-Nisa (4:7):

"For men is a share of what the parents and close relatives leave, and for women is a share of what the parents and close relatives leave, be it little or much - an obligatory share."

9. Surah An-Nisa (4:36):

"Serve Allah, and join not any partners with Him; and do good to parents, kinsfolk, orphans, those in need, neighbors who are near, neighbors who are strangers, the companion by your side, the wayfarer (you meet), and what your right hands possess: For Allah loves not the arrogant, the vainglorious."

10. Surah An-Nisa (4:123):

"Paradise is not [obtained] by your wishful thinking nor by that of the People of the Scripture. Whoever does a wrong will be recompensed for it and will not find besides Allah a protector or a helper."

11. Surah Al-An'am (6:162):

"Say, 'Indeed, my prayer, my rites of sacrifice, my living and my dying are for Allah, Lord of the worlds.'"

12. Surah Al-An'am (6:165):

"And it is He who has made you successors upon the earth and has raised some of you above others in degrees [of rank] that He may try you through what He has given you. Indeed, your Lord is swift in penalty; but indeed, He is Forgiving and Merciful."

13. Sura Al-A'raf (7: 8-9):

"And the weighing [of deeds] that Day will be the truth. So those whose scales are heavy—it is they who will be the successful." "And those whose scales are light—they are the ones who have lost their souls, for they used to wrong Our signs."

14. Surah An-Nahl (16:97):

"Whoever does righteousness, whether male or female, while he is a believer - We will surely cause him to live a good life, and We will surely give them their reward [in the Hereafter] according to the best of what they used to do."

15. Surah Al-Isra (17:36):

"And do not pursue that of which you have no knowledge. Indeed, the hearing, the sight, and the heart - about all those [one] will be questioned."

16. Surah Al-Kahf (18:49):

"And the record [of deeds] will be placed [open], and you will see the criminals fearful of that within it, and they will say, 'Oh, woe to us! What is this book that leaves nothing small or great except that it has enumerated it?' And they will find what they did present [before them]. And your Lord does injustice to no one."

17. Surah Al-Hajj (22:5):

"O mankind, if you should be in doubt about the Resurrection, then [consider that] We created you from dust, then from a sperm-drop, then from a clinging clot, and then from a lump [of flesh], formed and unformed - that We may show you. And We settle in the wombs whom We will for a specified term, then We bring you out as a child, and then

[We develop you] that you may reach your [time of] maturity. And among you is he who is taken in death, and among you is he who is returned to the most decrepit old age so that he knows, after [once having] knowledge, nothing. And you see the earth barren, but when We send down upon it rain, it quivers and swells and grows [something] of every beautiful kind."

18. **Surah Al-Mu'minun (23:1-2):**

"Certainly will the believers have succeeded: They who are during their prayer humbly submissive."

19. **Surah Al-Mu'minun (23:102-103):**

"Then those whose scales are heavy [with good deeds] - it is they who will be the successful. But those whose scales are light - those are the ones who have lost their souls, [being] in Hell, abiding eternally."

20. **Surah An-Nur (24:31):**

"And tell the believing women to lower their gaze and guard their private parts and not to expose their adornment except that which [necessarily] appears thereof..."

21. **Surah Ar-Rum (30:54):**

"Allah is the one who created you from weakness, then made after weakness strength, then made after strength weakness and white hair. He creates what He wills, and He is the Knowing, the Competent."

22. **Surah Luqman (31:19):**

"And be moderate in your pace and lower your voice; indeed, the most disagreeable of sounds is the voice of donkeys."

23. **Surah Ya-Sin (36:68):**

"And he to whom we grant long life we reverse in creation; so will they not understand?"

24. **Surah Ghafir (40:17):**

"This Day every soul will be recompensed for what it earned. No injustice today! Indeed, Allah is swift in account."

25. Surah Qaf (50:17-18):

"When the two receivers receive (a human being), one sitting on the right and one on the left. Not a word does he utter, but there is a watcher by him ready (to record it)."

26. Surah Al-Mumtahina (60:8):

"Allah does not forbid you from those who do not fight you because of religion and do not expel you from your homes - from being righteous toward them and acting justly toward them. Indeed, Allah loves those who act justly."

27. Surah As-Saff (61:10-12):

"O you who have believed, shall I guide you to a business that will save you from a painful punishment? You believe in Allah and His Messenger and strive in the cause of Allah with your wealth and your lives. That is best for you if you should know. He will forgive for you your sins and admit you to gardens beneath which rivers flow and pleasant dwellings in gardens of perpetual residence. That is the great attainment."

28. Surah Al-Mulk (67:10):

"And they will say, 'If only we had been listening or reasoning, we would not be among the companions of the Blaze.'"

29. Surah Al-Infitar (82:10-12):

"But verily, over you (are appointed angels) to watch you, kind and honorable, writing down (your deeds)."

30. Surah Al-Zalzalah (99:7-8):

"So whoever does an atom's weight of good will see it, and whoever does an atom's weight of evil will see it."

Hadith References

1. **Sahih Muslim:**
"A strong believer is better and more beloved to Allah than a weak believer, while there is good in both."
2. **Sunan Ibn Majah:**
"Seeking knowledge is an obligation upon every Muslim."
3. **Sahih Muslim:**
"Allah is beautiful and loves beauty. Arrogance is disdainful of the truth and despising people."
4. **Sahih Bukhari:**
"The best among you is the one who learns the Quran and teaches it."
5. **Sahih Muslim:**
"When a man dies, his deeds come to an end except for three things: Sadaqah Jariyah (ongoing charity), knowledge which is beneficial, or a virtuous descendant who prays for him (the deceased)."
6. **Sahih Muslim:**
"The son of Adam grows old, but two things remain young in him: desire for wealth and desire for life."
7. **Narrated by Ibn Abbas and reported by Al-Hakim:**
"Take benefit of five before five: your youth before your old age, your health before your sickness, your wealth before your poverty, your free-time before your preoccupation, and your life before your death."
8. **Sahih Bukhari & Sahih Muslim:**
"None of you [truly] believes until he loves for his brother what he loves for himself."
9. **Sahih Bukhari:**
"The most beloved of deeds to Allah are the most consistent, even if small."
10. **Sahih Muslim:**
"When a man dies, his deeds come to an end except for three things: Sadaqah Jariyah (ongoing charity), knowledge which is beneficial, or a virtuous descendant who prays for him (the deceased)."
11. **Daraqutni:**
"The best of people are those that bring the most benefit to the rest of mankind."
12. **Sahih Bukhari:**
"Actions are judged by intentions, and everyone will get what was intended. Whoever migrates with an intention for Allah and His Messenger, the migration will be for the sake of Allah and His Messenger. And whoever migrates for worldly gain or to marry a woman, then his migration will be for the sake of whatever he migrated for."

13. **Sahih Bukhari:**
"The most beloved of deeds to Allah are the most consistent, even if small."
14. **Sahih Muslim:**
"Whoever performs a good deed will have his reward multiplied tenfold or more. Whoever performs an evil deed will be repaid in kind..."
15. **Sahih Bukhari:**
"The deeds are considered by the intentions, and a person will get the reward according to his intention..."
16. **Sahih Muslim:**
"Whoever performs a good deed will have his reward multiplied tenfold or more. Whoever performs an evil deed will be repaid in kind..."
17. **Sahih Bukhari:**
"The best of charity is that given in Ramadan."
18. **Daraqutni:**
"The best of people are those that bring the most benefit to the rest of mankind."
19. **Sahih Bukhari:**
"The most beloved of deeds to Allah are the most consistent, even if small."
20. **Sunan Ibn Majah:**
"Seeking knowledge is an obligation upon every Muslim."
21. **Sahih Muslim:**
"Beware of injustice, for injustice will be darkness on the Day of Resurrection."
22. **Sahih Bukhari:**
"On the Day of Judgment, the deeds of the people will be weighed..."
23. **Tirmidhi:**
"The feet of the son of Adam will not move on the Day of Resurrection before he is asked about..."
24. **Sahih Bukhari:**
"The feet of the son of Adam will not move on the Day of Resurrection before he is asked about five things: his life and how he spent it, his youth and how he used it, his wealth and how he earned it and spent it, and what he did with the knowledge he had."