



Accounting : A Comparative Analysis Between the Era of Rasulullah and Khulafaur Rasyidin and 6th Century Europe

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Abstrak

Penelitian ini membahas perbandingan praktik akuntansi pada masa Rasulullah SAW dan Khulafaur Rasyidin dengan praktik akuntansi di Eropa abad ke-6. Periode ini menarik untuk diteliti karena mencerminkan perkembangan sistem pencatatan keuangan dalam dua konteks budaya dan agama yang berbeda. Penelitian ini bertujuan untuk menganalisis persamaan dan perbedaan dalam prinsip, teknik, dan tujuan akuntansi di kedua wilayah tersebut, serta untuk memahami pengaruh faktor sosial, politik, dan agama terhadap perkembangan akuntansi. Pendekatan kualitatif digunakan dalam penelitian ini dengan metode studi literatur. Data dikumpulkan dari sumber-sumber primer seperti dokumen sejarah, catatan perdagangan, dan literatur keagamaan, serta sumber sekunder dari penelitian akademik modern. Penelitian menemukan bahwa praktik akuntansi pada masa Rasulullah SAW dan Khulafaur Rasyidin memiliki basis nilai-nilai agama yang kuat, seperti kejujuran, keadilan, dan tanggung jawab, yang diintegrasikan dalam pencatatan keuangan. Sementara itu, praktik akuntansi di Eropa abad ke-6 lebih terfokus pada aspek administratif dan memenuhi kebutuhan feodalisme, dengan pengaruh signifikan dari struktur gereja. Perbedaan mendasar juga ditemukan dalam bentuk dokumentasi dan tujuan penggunaan laporan keuangan. Praktik akuntansi di kedua wilayah menunjukkan adanya keterkaitan erat antara sistem akuntansi dan konteks sosial- budaya. Penelitian ini menyoroti pentingnya memahami sejarah akuntansi sebagai dasar untuk perkembangan sistem akuntansi modern.

Kata Kunci : *Akuntansi, Analisis Perbandingan, Rasulullah and Khulafaurrosyidin, Eropa Abad ke-6*

Abstract

This study examines the comparison of accounting practices during the era of Prophet Muhammad SAW and the Khulafaur Rashidin with accounting practices in 6th century Europe. This period is significant for exploring the development of financial recording systems in two distinct cultural and religious contexts. The study aims to analyze the similarities and differences in principles, techniques, and purposes of accounting in both regions and to understand the influence of social, political, and religious factors on the evolution of accounting practices. A qualitative approach was adopted using literature review methods. Data were gathered from primary sources such as historical documents, trade records, and religious literature, as well as secondary sources from modern academic research. The research reveals that accounting practices during the era of Prophet Muhammad SAW and the Khulafaur Rashidin were deeply rooted in religious values such as honesty, justice, and accountability, integrated into financial records. Meanwhile, accounting practices in 6th century Europe focused more on administrative aspects and served the needs of feudalism, heavily influenced by church structures. Fundamental differences were also found in the forms of documentation and the purposes of financial reports. Accounting practices in both regions highlight the close connection between accounting systems and socio-cultural contexts. This study emphasizes the importance of understanding the history of accounting as a foundation for the development of modern accounting systems.

Keywords : *Accounting, A Comparative Analysis, Rasulullah and Khulafaurrosyidin, 6th Century Europe*

INTRODUCTION

Accounting, although not yet formalized as in the modern system today, has been practiced during the time of the Prophet Muhammad SAW in various forms. Management of property, trade transactions, and the collection and distribution of zakat at that time reflected accounting principles based on the values of justice, honesty, and transparency. In this context, Islamic teachings provide very clear guidance on the importance of financial recording and responsibility in transactions (Hisyam, 2007). Caliph Abu Bakr Ash-Shiddiq (632–634 AD) was the first leader of the Muslim community after the death of the Prophet SAW. His reign was known as a challenging transition period, especially in terms of financial administration and management of the community's assets. Although short, the accounting practices carried out during Abu Bakr's reign showed the first organized steps in recording state income and expenditure, especially related to the management of zakat, infaq, and public assets (Yusuf, 1987). The reign of Caliph Umar bin Khattab (634–644 AD) was an important period in the development of Islamic administration and finance. Caliph Umar was known as a visionary leader, Under his leadership, public accounting reached a clearer form, especially through the management of Baitul Mal, recording income and expenditure, and supervision of state finances (Al-Haritsi, 2006).

The reign of Caliph Uthman bin Affan (644–656 AD) marked a period of significant economic and administrative progress in the history of the Islamic Caliphate. As one of the companions of the Prophet Muhammad SAW who was known to be rich and generous, Uthman faced the challenge of managing state finances that were more complex due to the continued expansion of the Islamic territory. During this period, accounting practices, especially in the management of Baitul Mal, distribution of zakat, and financial supervision, became increasingly organized. (As-Suyuthi, 2003). Caliph Ali bin Abi Thalib (656–661 AD) led the Islamic Caliphate during a time full of political, social, and economic challenges. Despite the internal conflict known as fitnah kubra, Ali continued to demonstrate a strong commitment to implementing the principles of justice and transparency, including in the management of state finances. During his leadership, a simple accounting system centered on social justice was still implemented, with a primary focus on the management of zakat, jizyah, baitul mal, and the fair distribution of wealth (Ath-Thabari, 1987).

In the 6th century, Europe was in the Early Middle Ages, often referred to as the Dark Ages after the collapse of the Western Roman Empire (476 AD). The European economy was dominated by feudalism, and accounting practices were very rudimentary, based on manual record-keeping and oral tradition. Economic transactions were primarily centered on barter, land management, and agricultural produce. The church and the nobility played a central role in economic management, while international trade was nearly at a standstill due to political instability (Le Goff, 1980). The author conducted this study because the practice of financial recording and management has played a significant role in organizing government, trade, and society. can show how cultural, political, and religious contexts influence accounting practices. The study can provide insight into basic principles that are still relevant in modern financial management. It also highlights the importance of value-based accounting to create transparency and justice in society. This study is expected to show that accounting is not only an economic tool, but also a reflection of social, cultural, and spiritual dynamics in a society.

LITERATURE REVIEW

Accounting Practices in the Time of the Prophet Muhammad SAW

The Prophet Muhammad SAW paid great attention to recording debts and receivables, as stated in QS. Al-Baqarah: 282. This verse teaches in writing by presenting witnesses. "O you who believe, when you transact not in cash for a specified time, write it down..." This principle aims to avoid disputes in the future, create trust between the transacting parties, and maintain justice.

As a trader before the prophethood, the Prophet Muhammad SAW was known as a very honest and trustworthy individual (called Al-Amin) (Hisyam, 2007). In trade practices, the Prophet Muhammad SAW emphasized the importance of:

- a. Transparency regarding the condition of the merchandise.
- b. Not reducing the weight or size (tathfif).
- c. Providing honest reports of profits and capital in business partnerships.

This principle is in line with modern accounting, which demands honesty in financial reporting.

During the time of the Prophet Muhammad SAW, Baitul Mal functioned as an institution for managing the people's finances. Although the recording structure was not as complicated as modern accounting, several practices that resembled accounting have been implemented:

- a. Recording income: such as zakat, alms, jizyah, fa'i, and ghanimah.
- b. Recording expenses: such as allocation of funds for the poor, infrastructure development, and salaries of officials.
- c. Auditing and supervision: the Prophet Muhammad SAW often requested reports from officials who were tasked with managing the people's assets (Hasan, 1995).

The collection and distribution of zakat became one of the most structured accounting practices during the time of the Prophet Muhammad SAW. Zakat officers (amil) were given the responsibility to record the amount of zakat received and ensure its distribution was in accordance with sharia provisions, as stated in QS. At-Taubah: 60, which details 8 groups of zakat recipients (Ash-Shidieqy, 1996).

Applied Accounting Principles, Honesty (Shiddiq) : The Prophet Muhammad SAW emphasized honesty in every economic transaction, both in trade and financial records. Transparency: All parties involved in the transaction must be open about information related to goods, quantities, and transaction conditions. Trust and Accountability: Public asset managers, such as Baitul Mal, are required to carry out their duties with trust and provide accountability reports to the community. Justice: Every transaction must be carried out fairly, including ensuring that no party is harmed.

Accounting practices during the time of the Prophet Muhammad SAW, although simple, were based on strong moral and ethical values. These principles not only helped create order in economic transactions but also built trust and justice in society. By using Islamic values as a guide, accounting can be a tool to realize social welfare and justice, as exemplified by the Prophet Muhammad SAW (Islahi, 1998).

Accounting Practices During the Time of Caliph Abu Bakar Ash-Shiddiq

During Abu Bakar's time, the political and economic situation was very dynamic because Internal turmoil: Several Arab tribes refused to pay zakat (the event of riddah). Territorial expansion: Abu Bakar's government began to expand the territory of Islamic rule, which required financial management for military and administrative financing. Main sources of income: State finances depend on zakat, jizyah (tax from non-Muslims), fa'i (uncontested war booty), and ghanimah (war booty) (Katsir, 2005).

During the era of Abu Bakr, Baitul Mal began to function as an official institution to manage state finances. Although the financial administration structure was still simple, accounting practices already included:

- 1) Recording state income:
 - a) Zakat received from Muslims.
 - b) Jizyah paid by non-Muslims.
 - c) Fa'i and ghanimah from military expansion.
- 2) Recording state expenditures:
 - a) Allocation of zakat for the eight asnaf mentioned in QS. At-Taubah: 60.
 - b) Salaries of military troops and state employees.
 - c) Assistance to the poor and infrastructure development.

Abu Bakar was known to be very honest and transparent in managing state assets. He ensured that every income and expenditure was recorded accurately, even though the recording was still simple. A real example is when Abu Bakar used some of his personal assets for the benefit of the state during the early days of his reign, showing his dedication and trustworthiness as a leader. (Ali, 1995).

Abu Bakar adhered to Islamic teachings on the importance of zakat as one of the pillars of Islamic economics. He: Send zakat officers to various regions to collect zakat, Ensured that the distribution of zakat was in accordance with sharia, namely to eight groups of zakat recipients. Recorded the amount of zakat received and distributed in detail, although this recording was not yet organized like the modern system.

During the Riddah War, Abu Bakar mobilized financial resources to support military operations. He ensured that military expenditures were properly recorded to maintain transparency. The funds used for this war came from zakat and fa'i managed through Baitul Mal (Al-Ba'ly 2006). Applied Accounting Principles like are Honesty and Trustworthiness: Abu Bakar emphasized that state assets are a trust that must be managed for the benefit of the people. Accountability: He openly reported to the public about state income and expenditure. Fairness in Distribution: Zakat and other sources of income were distributed fairly according to Islamic law. Efficiency and Simplicity: The financial system implemented by Abu Bakar was very simple, but efficient in meeting the needs of the state.

Accounting Practices During the Caliphate of Umar bin Khattab

Economic Conditions During the Caliphate of Umar bin Khattab with: Expansion of Islamic Territory: The territory of the Caliphate included Persia, Syria, and Egypt, thus adding new sources of income such as jizyah, kharaj (land tax), and ghanimah (booty of war). Increased Sources of Income: Zakat from Muslims, Jizyah from non-Muslims. Agricultural and trade products. New Challenges: With the increasingly large territory, financial management became more complex, so a better recording system was needed (Al-Akkad, 1978).

Caliph Umar bin Khattab established Baitul Mal as a state financial institution responsible for managing state income and expenditure. This system reflects the beginning of organized public accounting practices. Functions of Baitul Mal for Recording all sources of state income, such as zakat, jizyah, kharaj, fa'i, and ghanimah, Distributing funds for infrastructure development, assistance to the poor, salary payments, and military financing, Providing financial reports for the caliph and other officials. Administrative Structure was Umar appointed officials responsible for recording financial transactions. Recording was done separately based on region and type of income (Jauzi,2007 & Ridho 1973).

During Umar's time, financial recording practices included : Income are Zakat from Muslims, Jizyah and kharaj from non-Muslim areas, Income from war booty. Expenditure are Military financing, including troop salaries, Assistance for the poor, orphans, and widows, Infrastructure development such as irrigation and roads, Incentives for government officials, Umar ordered detailed recording of every transaction to prevent misuse of public funds (Haikal, 2008 And Rowasy, 2024).

Caliph Umar was very strict in ensuring that public funds were used for the benefit of the people. For example: Zakat funds are used only for eight groups of recipients as stipulated in QS. At-Taubah: 60 and Income from jizyah and kharaj is allocated for national development, including the development of new areas (Haikal, 2008 And Rowasy, 2024).

Caliph Umar bin Khattab made significant achievements in financial administration by introducing a regular salary system for state officials, military troops, and government employees. Salaries were regulated based on their respective positions and contributions and Salaries came from state revenues managed by the Baitul Mal (Baltaji, 2005).

Caliph Umar exercised strict supervision over financial officials. He often requested financial reports from Baitul Mal officials and checked them directly to ensure there was no fraud (Yatim, 2024).

Accounting practices during the time of Umar bin Khattab reflected the following principles are Transparency: State income and expenditure were recorded clearly and announced to the public, Trust and Accountability: Every official who managed state finances was asked to provide regular accountability reports. Justice: The distribution of state funds was carried out fairly, both for development and for the needs of the poor. Efficiency: Umar implemented efficient financial management by minimizing waste and optimizing the use of public funds (Islahi, 1998).

Financial Innovations during the Era of Umar bin Khattab (Al-Akkad, 1978 and Al-Halawi,1999). Some important innovations in accounting and financial administration during the era of Umar:

- a. Citizen Registration: Umar ordered the registration of residents in the Diwan book to regulate the distribution of salaries and aid.
- b. Land Tax Distribution (Kharaj): A land tax system was introduced to manage agricultural areas in newly conquered areas.
- c. Routine Reporting: Umar required officials to report state income and expenditure periodically.

Accounting Practices During the caliphate Of Uthman Ibn Affan

During the era of Caliph Uthman, the Islamic Caliphate covered a very large area, including North Africa, Persia, and parts of Central Asia. These developments had a significant impact on the economic system and financial administration are Increased state revenue: The main sources of revenue were zakat, jizyah, kharaj (land tax), fa'i, and ghanimah (war booty), Administrative complexity: With the increasingly large territory, financial management requires a more accurate recording system to avoid irregularities, Economic growth: Inter-regional trade grew rapidly, increasing economic activity and the need for financial transparency (Ubaid, 1983).

Implementation of Accounting during the Time of Uthman bin Affan (Islahi, 1998) are More Organized Management of Baitul Mal, Efficient Zakat Distribution System, and Improved Financial Administration System.

Uthman bin Affan continued and perfected the Baitul Mal system that had been pioneered by Umar bin al-Khattab. He ensured that every state financial transaction was properly recorded to maintain transparency and accountability. The main functions of Baitul Mal during the time of Uthman:

- 1) Recording state income:
 - a) Zakat from Muslims.
 - b) Jizyah and kharaj from conquered territories.
 - c) Fa'i and ghanimah from war.
- 2) Distribution of public funds:
 - a) Salaries of military troops and government officials.
 - b) Assistance to the poor, orphans, and widows.
 - c) Development of public infrastructure, such as roads, mosques, and markets (Islahi, 1998).

During Uthman's reign, zakat remained the main source of state revenue. He introduced several measures to improve the efficiency of zakat collection and distribution are Area-based zakat recording: Each area had its own records regarding the amount of zakat collected, Priority-based distribution: Uthman ensured that zakat was distributed to the most needy groups first, in accordance with QS. At-Taubah: 60, Reporting: Uthman requested written reports from zakat collectors to ensure there were no irregularities.

Caliph Uthman developed a more centralized financial administration. He introduced: Military expenditure records: With many military expeditions during his reign, Uthman ensured that every expenditure for military needs was recorded in detail and Recording of infrastructure development: Uthman ordered the construction of large mosques, including the expansion of the Prophet's Mosque in Medina, with funds recorded through the Baitul Mal. Supervision of inter-regional trade transactions: With the development of trade, Uthman ensured transparency in transactions involving Muslim traders (Qardhawi, 2004).

As a caliph, Uthman was very careful in managing public finances. He asked Baitul Mal officials to prepare financial reports periodically. He also ensured that public funds were used according to the needs of the people and were not misused for personal interests. Examples of financial supervision carried out by Uthman were He asked for full transparency in the management of kharaj from conquered lands, When allegations of irregularities arose against certain officials, Uthman did not hesitate to carry out evaluations and take firm action (Qardhawi, 2004).

Applied Accounting Principles Transparency: State income and expenditure are recorded and reported openly to maintain public trust, Trustworthiness: Uthman strongly emphasized that financial managers must act in an honest manner and not misuse public funds, Accountability: Officials who manage finances are required to prepare written reports and be accountable to the caliph, Justice: State funds, especially zakat, are distributed fairly according to the needs of the community (Islahi, 1998).

Financial Innovation during the Time of Uthman bin Affan Expansion of Financial Administration are With the increasingly large territory of the caliphate, Uthman built a more centralized administration system by appointing special officials to manage finances in certain areas, Investment in Infrastructure: The construction of public facilities such as mosques, markets, and highways was funded by the Baitul Mal, with more organized recording of expenditures, Improvement of Management of War Booty: War booty (ghanimah) was managed with a clear recording system, and its distribution was regulated according to Islamic law (Suprayitno, 2003).

Accounting Practices During the Time of Caliph Ali bin Abi Thalib

During the time of Caliph Ali, several significant economic challenges affected the country's financial system: Internal political tensions: Conflicts between Caliph Ali's supporters and opposition groups, including the Jamal War and the Siffin War, affected economic stability, Slowdown in state revenues: Certain regions refused to pay zakat and jizyah due to political instability, Pressure for equal distribution of wealth: Caliph Ali faced demands to distribute state wealth more fairly than in previous periods (Solikhin, 2005).

Implementation of Accounting During the Time of Ali bin Abi Thalib were Reform of Baitul Mal Management, Ali bin Abi Thalib emphasized the importance of transparent and accountable management of the Baitul Mal. Several important policies were taken:

1) Equal Distribution of Funds:

Ali emphasized that all state funds, especially from the Baitul Mal, must be distributed fairly without discrimination based on ethnicity or social status. He once said:

"Wealth belongs to Allah. Everyone has the right to an equal share, both those who lead and those who are led."

2) Recording Income and Expenditure:

a) Income from zakat, jizyah, kharaj, and fa'i is recorded in detail.

b) Expenditures for the needs of the poor, development, and salaries of state employees are reported transparently (Islahi, 1998).

Distribution of Zakat and Social Justice were One of Ali's main focuses was a fairer distribution of zakat to support the weak in society. Increasing the Efficiency of Zakat Collectors: Ali ensured that zakat officers (amil) were selected from honest and trustworthy individuals, and were required to report the zakat collected in writing. Priority of Zakat Recipients: In accordance with QS. At-Taubah: 60, Ali emphasized the distribution of zakat to the eight asnaf, with the main priority being the poor and those affected by conflict (Qutb, 1983).

Audit of Financial Officials Ali was known to be very strict in supervising financial officials. He often conducted audits of the Baitul Mal officers to ensure that there was no misuse of public funds. For example: Ali once fired one of the governors who was known to have misused state funds, demonstrating his commitment to the principles of honesty and trustworthiness (Islahi, 1988).

Ali bin Abi Thalib emphasized that state officials should not take personal advantage of public assets. He once said: "O officials, do not misuse the people's assets, because it is a mandate that you will be accountable for before Allah." To that end, Ali implemented the following steps: Prohibiting officials from accumulating excessive wealth from public funds, Enforcing the law for officials who are proven to have committed corruption or fraud (Islahi, 1988).

Applied Accounting Principles were Justice (Adil): The distribution of state assets must be carried out evenly, regardless of a person's social status or origin, Transparency (Mubayyanah): All state income and expenditure must be recorded and reported to the public, Trust (Al-Amanah): State financial managers are required to be responsible and honest in their duties, Accountability (Mas'uliyah): Officials who manage the Baitul Mal are required to provide regular and open financial reports (Islahi, 1998).

Policies Internal Conflict: Political instability reduced the effectiveness of zakat and tax collection in some areas was challenges and Tax Rejection by the Opposition: Areas controlled by the opposition did not submit their revenues to the Baitul Mal.

Increased Social Justice: Fair distribution policies helped reduce social disparities in society was impact, Public Trust: Transparency in the management of the Baitul Mal increased public trust in Ali's government, Stabilization of the Local Economy: Distribution of zakat and public funds encouraged improvements in economic conditions in stable areas.

Accounting Practices in Europe in the 6th Century

1. The European Economic System in the 6th Century

Feudalism became the main economic system, where wealth was measured through land ownership. Landlords managed large tracts of land and obtained yields from the labor of farmers who depended on them. Barter-based transactions were more common than money because precious metals (coins) began to be rare due to the collapse of organized trade in the Roman era (McCormick, 2001).

The Catholic Church became one of the most stable institutions during this period. In addition to being the center of spiritual life, the Church also managed large assets in the form of land, received taxes in the form of tithes (one-tenth of the harvest), and distributed aid to the poor. The Church's financial records reflect the early form of accounting practices in Europe (Lee Gof, 1980).

2. Simple Accounting Practices

Manual Recording by Nobles and the Church (Lee Gof, 1980) were Land Management and Crops, Landlords and farm managers recorded the annual harvest and the amount to be handed over by farmers. Simple inventory lists, such as lists of assets (land, livestock, crops), began to be used by nobles to monitor their wealth.

The church recorded the tithes tax paid by the people in the form of goods, such as crops, livestock, or labor. Donations from the wealthy (land or valuables) were recorded manually by church scribes.

In the 6th century, record-keeping practices were still very simple and included was Use of Parchment or Wax Tablets, Transactions were recorded using simple writing instruments on materials such as animal skin (parchment), wax tablets, or sometimes on wood. Church officials or scribes recorded income and expenses related to church activities. These records included tithes taxes, donations, and distribution of goods to charity. Many small economic transactions were only remembered and agreed upon orally, without written records, especially at the farmer and small trader level (Lee Gof, 1980).

In the 6th century, taxes collected by nobles or local officials were more often in the form of goods (such as wheat, wine, or livestock). These taxes were used to support the nobility, the military, and local administration (McCormick, 2001). Tax Collection were calculated based on the amount of land a farmer managed and Farmers gave a certain percentage of their harvest to the landlord, Tax Distribution: Taxes were used to pay soldiers, fund the construction of castles, and pay tribute to the ruler of the region or kingdom.

3. Challenges in Accounting in the 6th Century (McCormick, 2001).

There was no uniform system of record keeping across Europe. Recording methods depended on local traditions and individual skills. The collapse of long-distance trade due to political instability made the practice of recording trade very rare. Dominance of Barter Economy: As coins became scarce, barter-based transactions did not require detailed record keeping. This slowed the development of a formal accounting system. Many transactions and agreements were not recorded, but were agreed to orally, which increased the risk of disputes and uncertainty.

Research Methods

Research Approach

This approach is used to compare accounting systems in two different periods and in two regions with contrasting backgrounds. It focuses on the similarities and differences in accounting practices, principles, and financial recording systems. (Sugiyono, 2017). Qualitative and Descriptive: This research is qualitative in nature, because it relies on the study of historical sources. Data is processed descriptively to provide a clear picture of accounting practices in both periods.

Data Collection Techniques

Review of classical Islamic texts, such as: Al-Qur'an and Hadith (as guidelines for Islamic economic principles), Administrative records during the Khulafaur Rasyidin era (for example, documentation on zakat and management of Baitul Mal) (Moleong, 2013). Historical documents from 6th century Europe, for example: - Church tax records or simple economic documents that remain. - References on the barter system and management of offerings. Secondary Document Study: Scientific journal articles on the history of accounting in the Islamic world and Europe and History books explaining the economy and administration in both periods. Religious and Social Text Analysis: Analysis of Islamic law related to financial records (for example, QS Al-Baqarah: 282 on debt records). Church legal documents or records related to finance in Europe.

Research Procedure

1. Problem Identification: Determine the main focus, for example: How was the sharia-based accounting system during the time of the Prophet and the Khulafaur Rasyidin and What is the difference between the accounting system in the Islamic world and Europe in the 6th century.
2. Primary and Secondary Data Collection were Primary data: Study of the text of the Qur'an, Hadith, and authentic sources such as Islamic government documents and Secondary data: Economic history books, historical accounting journals, or medieval European documents. (Sugiyono, 2017).

Data Analysis

Using historical narrative analysis methods, to understand the role of social, religious, and economic in shaping the accounting system in each region and Compare practices: administrative structures, financial instruments, and recording principles (Moleong, 2013). Interpretation of Results: Highlight key differences, such as: he Islamic world developed a more organized accounting system through the Baitul Mal. 6th century Europe still relied on a barter system with minimal records.

a. Research Data Sources

Islamic World Data Sources: Qur'an and Hadith (economic and accounting principles), History of Islamic state administration: Records of zakat, jizyah tax, and kharaj, Works of scholars, such as Abu Yusuf (Kitab al-Kharaj). European Data Sources: Church economic and tax records, 6th century European manuscripts or legal documents, Archaeological references, academic studies on barter in Europe.

b. Analytical Approach

- Comparative Analysis: Compare two regions based on: Financial administration systems: Baitul Mal vs Church, Accounting principles: Islamic Sharia vs church system, Wealth management: Distribution of zakat vs. tithe (offerings).
- Critical Historical Analysis: Examines the factors that cause differences (e.g., religious, political, and economic influences) and Examines the consequences of accounting systems on the welfare of society (Sugiyono, 2017).

RESULTS

1. Results of Accounting Practices at the Prophet Muhammad SAW (570–632 AD) and the Khulafaur Rasyidin (632–661 AD) were Financial transparency through public supervision, Efficient management of state assets, so that the welfare of the people is well distributed, The zakat system is effective as an economic instrument that reduces social inequality.
2. Results of Accounting Practices During This Period: Unorganized records used only for the collection of taxes and offerings, Very simple economic system with a focus on subsistence and agriculture
3. Accounting practices during the time of the Prophet Muhammad and the Khulafaur Rasyidin were much more advanced than in 6th century Europe. This was due to: Strong sharia principles as a guide, The existence of a state administration system such as Baitul Mal and Islam's push for economic justice and transparency.

In contrast, Europe was still in a period of intellectual stagnation, without clear accounting standards until the Renaissance. Thus, the Islamic world at that time became a pioneer in the development of more structured financial practices.

Discussion: Accounting during the Time of the Prophet Muhammad SAW and the Khulafaur Rasyidin

1. Historical Context

During the time of the Prophet Muhammad SAW (570–632 AD) and the Khulafaur Rasyidin (632–661 AD), the economic system based on Islamic principles was very prominent. Accounting developed in accordance with the needs of zakat administration, trade, and management of Baitul Mal (state treasury). Some important aspects are: Sharia-Based Accounting Principles : Financial

reporting reflects honesty and transparency in accordance with Islamic teachings, Sharia law is the main guide, prohibiting usury (interest) and encouraging fairness in transactions, Financial Management in Baitul Mal : A recording system is used to ensure the distribution of zakat, infaq, and shadaqah to the entitled groups (asnaf). Umar bin Khattab RA, as the second caliph, introduced more organized administrative records to monitor income from taxes (jizyah, kharaj) and expenditures for community development, Trade Accounting : In trade, business actors record transactions in simple forms, such as verbal recapitulations or writing on papyrus and leather, Emphasis on trust and recording of debts and receivables (according to the command in the Qur'an, QS Al-Baqarah: 282) (Abdel-Magid, 1981).

2. Relevance to Modern Accounting

Accounting practices during the time of the Prophet SAW are relevant to modern accounting principles, especially in the context of sharia accounting, which prioritize (Abdel-Magid, 1981) : Prohibition of usury: Interest-based transactions are not permitted, Transparency in financial reporting: Maintaining trust between all parties, Social accountability: Managing funds for the benefit of society is a priority, as was the function of zakat and Baitul Mal during the time of the Prophet Muhammad SAW.

Accounting practices during Abu Bakar's era have several similarities with modern accounting principles, such as: Transparency: All income and expenses are recorded clearly and can be accounted for, Rule-based management: Abu Bakar implemented the principle of fairness in financial management, which is the basis for modern accounting standards. Accountability: The country's leaders are responsible for financial management to the public.

The accounting practices during the era of Umar bin Khattab have similarities with modern accounting systems, especially in terms of: Transparency and Accountability: All state income and expenditure were recorded and strictly monitored, Public Management: Umar introduced an administrative system that resembles today's public sector accounting, Equitable Distribution: Management of funds based on the principle of social justice became the basis for the modern Islamic financial system.

Accounting practices during the time of Ali bin Abi Thalib have similarities with modern accounting principles, (Khan, 1994) such as: Transparency and Accountability: All financial transactions are recorded and monitored to ensure that there is no deviation, Distribution Justice: Focusing on wealth equality is one of the foundations of sharia-based accounting, Supervision and Audit: Caliph Ali conducted supervision and audits of officials to ensure honesty in the management of public funds.

A. Accounting in 6th Century Europe

6th century Europe was part of the Dark Ages after the collapse of the Western Roman Empire (476 AD). During this time, the economic system was still agrarian-based with little recorded trade activity (Chatfield, 1977). Some of its main characteristics are: Primitive Accounting System : Accounting developed simply, limited to manual recording without special standards, The barter system was still dominant, so recording of money-based transactions was very rare, Role of the Church: The church played a significant role in the economy, including the collection of taxes and offerings (tithes). Church financial records were the only structured form of administration, There was no centralized record-keeping system like the Baitul Mal in the Islamic world, Lack of Innovation : Economic and administrative knowledge stagnated, so standardized accounting principles did not develop, Accounting did not begin to advance in Europe until the development of trading cities in the 12th century (through the influence of Islam and trade with the Middle East).

B. Accounting Practices in Non-European Regions in the 6th Century (McCormick, 2001)

Islamic World : The Islamic world in the 6th century began to build a simple financial system based on recording trade and zakat. This system developed rapidly during the time of the Prophet Muhammad and the subsequent caliphate. China : The Sui Dynasty (6th century) in China had a more advanced administrative system, including recording land taxes and management of state revenues. India : Hindu-Buddhist kingdoms in India recorded agricultural output and taxes with a simple administrative system involving royal scribes.

C. Relevance of 6th Century Accounting Practices to Modern Accounting (Lee Gof, 1980).

Several elements of 6th century European accounting practices can be found in modern accounting principles : Asset Inventory : Recording of crops and listing of assets (land, livestock) resembles the modern inventory process, Financial Reporting Function : Church record keeping reflected the need to monitor income and expenses, which is similar to modern financial statements. Distributional Justice : The tithe tax used for charity shows an early attempt at equal distribution of wealth in society.

D. Comparison: Islamic World vs. Europe in the 6th Century (Chatfield,1977).

Aspects of the Prophet Muhammad & Khulafaur Rasyidin Era Europe in the 6th Century. Main Principles Based on sharia, emphasizing justice and trustworthiness No standardized principles. Financial Management Organized through Baitul Mal Simple, only in churches. Recording of Transactions Simple but based on Islamic law Primitive, lots of barter. Tax System Jizyah, kharaj, zakat Church tax (tithe). Accounting Results Transparency, efficiency, welfare Minimal innovation, economic stagnation

Accounting practices during the time of the Prophet Muhammad and the Khulafaur Rasyidin were much more advanced than in 6th century Europe. This was due to:

- a. Strong sharia principles as a guide.
- b. The existence of a state administration system such as Baitul Mal.
- c. Islam's push for economic justice and transparency.

In contrast, Europe was still in a period of intellectual stagnation, without clear accounting standards until the Renaissance. Thus, the Islamic world at that time became a pioneer in the development of more structured financial practices.

CONCLUSIONS

Conclusions regarding accounting during the time of the Prophet and the Khulafaur Rasyidin compared to 6th century Europe can be formulated as follows:

1. Basic Principles and Values : Islam (Rasulullah & Khulafaur Rasyidin): The accounting system during this period was heavily influenced by Islamic values, which emphasized justice, transparency, and moral responsibility. Accounting was not only intended to record economic transactions, but also as a means of maintaining trust and ensuring social welfare. Simple recording was applied, for example in the management of the baitul mal, distribution of zakat, and state revenue through jizyah or kharaj. 6th Century Europe and In Europe, the accounting system had not developed significantly due to the stagnant economic conditions resulting from the fall of the Roman Empire. Accounting was still in the form of basic recording for feudal or church needs, without modern economic principles.
2. Structure and Administration: Islam: The financial administration structure was quite advanced, especially during the time of Caliph Umar bin Khattab, who introduced organized bookkeeping and recording. Institutions such as the baitul mal played a key role in managing state finances and distributing wealth and Europe: Financial record keeping in 6th century Europe was limited to church records and feudal land administration. There was no institution specifically responsible for public economic management.
3. Role of Technology and Approach: Islam: Accounting already included modern elements such as auditing in the form of direct supervision by leaders to ensure transparency and Europe: Accounting record keeping technology was still very primitive, and the approach was only based on local needs without structured supervision.
4. Impact on Society: Islam: A fair accounting system helped create prosperity and economic stability for the people. This strengthened public trust in the government. And Europe: A fragmented and non-transparent economic system exacerbated social inequality and slowed economic development.

Key Conclusions:

During the time of the Prophet and the Khulafaur Rasyidin, accounting was guided by religious values, justice, and organized efficiency. On the other hand, 6th century Europe was still in a primitive phase without a clear economic or accounting structure. Islamic accounting made a significant contribution to building a fair and functional economic system, while Europe only started to develop

after the Middle Ages, especially with the introduction of the double-entry bookkeeping method in the 13th century.

RECOMMENDATIONS

In theory, the era of the Prophet and the Khulafaur Rasyidin was more advanced because they had strong ethical principles and a good administrative foundation, but could be developed with a more formal and standardized recording system. In contrast, 6th-century Europe needed fundamental reforms to adopt the values of transparency and more organized recording methods. In practice, the application of recording technology, supervision, and administrative decentralization are solutions for both. The combination of Islamic moral values with technical innovations that develop in the future can be a step towards more effective and universal accounting.

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