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# Compliance of Financial Statements of Islamic Banks of Pakistan with AAOIFI Guidelines in General Presentation and Disclosure

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**Abstract**

**Objective -** This study intends to investigate the extent of voluntary financial reporting compliance made by Islamic banks of Pakistan as suggested by Islamic accounting standards (i.e. AAOIFI).
**Design/Methodology -** The study is based on an empirical evaluation of financial statements of Islamic banks of Pakistan. Data sample consists of financial statements for the years 2009, 2015, 2016 and 2017 relating to of all four full-fledged Islamic banks in Pakistan. The first standard in Islamic accounting standards suggests a total of 111 items for compliance while preparing financial statement of Islamic Banks. As per existing regulatory requirements, Islamic banks in Pakistan are required to adopt International Financial Reporting Standards while preparing their financial statements.
**Findings -** However, the analysis suggests Islamic banks in Pakistan are in compliance of more than 50% of requirements as suggested by Islamic accounting standards.
**Implications –** The insights will help the industry decision makers to increase the voluntary disclosures by the Islamic banks.

## Introduction

Islamic banking has emerged in the global banking industry as a strong competitor of the conventional banking system, because of its distinct and comprehensive features of interest-free transactions and asset backed modes of financing. This model has transpired in late twentieth century and strongly appealed not

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only Muslim population of the world but also inspired the non-Muslims of this globe (Akbar, Shah and Kalmadi. 2012).

Muslims were the initiators of these practical steps towards Islamization of banking system. Pakistan, as a strong country in Muslim world, took initiatives of establishing Islamic banking in Pakistan. In this respect, practical steps date back to 1979 when riba-free transactions were included in Banking Companies Ordinance 1962. Meezan bank is one of the pioneer Islamic banks of Pakistan, established in 1997 with the strong motivation of spreading Islamic finance practices in whole Pakistan through their banking practices. Islamic finance industry in Pakistan gained immensely and multiplied development which resulted in inclusion of new full-fledged Islamic banks and other Islamic financial institutions.

Accounting plays a very important role in decision making through provision of financial information about an entity's financial performance and status. Accounting information plays a decisive role in making decisions regarding allocation of their resources and funds in efficient manner especially in banking industry (Haniffa & Hudaib, 2004). Unique hierarchical and operational structure of Islamic banking industry created need for other institutions which would design new and separate sets and standards for the smooth operations of Islamic banks. Similarly, products designed by Islamic banks like Mudarabah and Mushrakah, have totally different chemistry and because of this, the recording of these transactions need different accounting standards. Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) has been established to develop accounting, auditing, governance, ethical and Shari'ah standards for Islamic financial institutions. As per regulatory framework, Islamic financial institutions (IFIs) are required to follow IFRS in preparation of financial statements in Pakistan.

It is imperative to mention that the research activities concerning IFIs relates to theoretical aspects of this industry. Even empirical research in Islamic finance largely talks about two aspects of Shari'ah, i.e. interest prohibition and zakat calculation. Kamla (2009) argues on similar lines by stating that "very few studies have focused, partly not fully, on Islamic accounting discipline directly". Vinnicombe (2010) even adds to this line of argument by stating that the focus of existing studies related to reporting in IFIs is largely descriptive. Very few studies have examined the compliance and disclosure practices in Islamic banking industry (Haniffa & Hudaib, 2004; Ullah, 2013). However, to the best of authors' knowledge, no study has investigated the level of voluntary compliance of AAOIFI accounting standards by IFI in Pakistan. To fill this research gap, this study is aimed at evaluation of the compliance of financial statements of Islamic banks of Pakistan with the guidelines of AAOIFI in general presentation and disclosure. As financial reporting parameters differs widely for banking industry and Insurance companies, therefore, this study focuses only on Islamic Banks. The research objectives of this study include the empirical investigation of the financial statements of Islamic banks in order to evaluate the compliance level with the guidelines of general presentation and disclosure of AAOIFI.

Because of data availability and few number of Islamic banks in Pakistan, authors decide to use descriptive analysis for investigating research objectives of this study. Authors believe that the study is unique and value addition in the literature of Islamic finance with special reference to financial reporting. The remaining study is structured in this way. Next section provides brief description about AAOIFI. Section 3 and 4 presents the details about reporting compliance and how to measure its index. Then, theoretical framework is presented in section 5. Last section deal with methodology, results discussion and then conclusion.

## The Accounting and Auditing Organization for IFIs (AAOIFI)

The Accounting and Auditing Organization, for IFIs (AAOIFI), is a standard setting body for Islamic financial institutions, established on 1 Safar1410 A.H., corresponding to 26 February 1990 A.D., in Algiers. The AAOIFI was registered on 27th March 1991 A.D., in the Kingdom of Bahrain as an international autonomous nonprofit corporate body. (AAOIFI, 2015) The AAOIFI has issued a total number of 94 Standards for Islamic financial institutions which includes "54 Sharī'ah Standards, 26 Accounting Standards, 5 Auditing Standards, 2 codes of Ethics and 7 Governance Standards". (AAOIFI, 2015)

## Measuring Compliance

Compliance with the standards is defined as the degree to which the entities comply with a multitude of issues and similarly, level of compliance in this study is, Islamic banks of Pakistan comply with the issues mentioned in financial accounting standards in AAOIFI (Vinnicombe, 2010). It has already been explained that as per national regulations, financial statements are prepared in accordance with IFRS and AAOIFI accounting standards are not used. This study intends to examine the voluntary compliance of reporting requirements as suggested by AAOIFI in financial reporting of Islamic banks in Pakistan. For this purpose, a benchmark is needed which would be used for the purpose of comparison of annual financial statements of Islamic banks of Pakistan. We will be able to evaluate the level of compliance of Islamic banks using the said benchmark which is presentation requirement given in First statement (FAS-1) of AAOIFI standards. Using FAS-1, a compliance index is calculated to investigate the extent of compliance. Next two sections present the determinants of compliance index and methodological issues in investigation.

## Determinants of Compliance Index

In order to set the determinants for the compliance index, all the AAOIFI accounting standards published till now are taken under consideration. But to make the study brief, the authors have selected few items from the standards because the study is unique in the context of empirical research on accounting standards of Islamic banks.

There are studies available in conventional financial sector in which compliance level is empirically analyzed and these studies can be considered while designing such sort of studies for Islamic financial institutions. Nobes (1990) is considered to be pioneer in studying level of compliance with the accounting standards by taking financial statements of banks. (Tower, Hancock, & Taplin, 1999) have worked and designed indices in order to evaluate level of compliance of financial institutions with the IFRS.

So because of absence of any study about empirical evaluation of level of compliance in context of Islamic financial institutions and specifically under the Pakistan chapter, conventional financial sector studies can be taken and adaptation of these ideas for Islamic financial institutions. There are few studies found which talk about empirical evaluation of level of compliance of financial statements of Islamic banks with AAOIFI (Vinnicombe, 2010), but the status of Pakistan is different from the mentioned study, because in Bahrain, Islamic banks are supposed to adopt AAOIFI standards in full capacity. But Pakistan does not have such sort of limitation or condition and for this reason this study is considered to be unique and contribution to the literature.

Ullah (2013) has conducted a study on Bangladeshi Islamic financial institutions and he used only a single year financial statements and empirically evaluated the level of compliance with AAOIFI accounting standard FAS All the above-mentioned studies can be considered for the purpose of setting determinants for the compliance index. So after taking into account all these studies a methodology is defined which is mentioned in later sections of this paper.

## Theoretical Framework

In this section a brief overview of theoretical aspects of accounting and accounting standards in context of financial institutions will be presented. Developments in the field of accounting shall also be discussed in this section. A glimpse of significant works of the learned scholars in the field of development of accounting framework for Islamic financial institutions, which led to the inception of AAOIFI in general and AAOIFI accounting standards in specific.

Accounting plays a substantial role in the financial management of any organization. Accounting standards provide a complete set of scheme for measurement and disclosure principles for the provision and demonstration of financial statements. They provide guidelines for compilation of useful financial information of the entity for different users of the financial statements, such as, shareholders, creditors, lenders, management, investors, suppliers, competitors, researchers, regulatory bodies and social club at large (Vinnicombe, 2010).

Accounting fulfills the basic activities of recording, reporting, measuring and consequently, auditing. However, the basic theme which differs Islamic way of accounting from conventional accounting is that we need to put greater emphasis on recording the things or operations of the transactions. A transaction between two parties should be properly mentioned in terms of contract which makes it clear that what is going on, what is actually paid for something and the profit for both sides of the parties. Every activity of the transaction no matter how small and insignificant the activity is, should be recorded along with all relevant details. Another ideological difference between conventional and Islamic accounting is that, in context of conventional accounting, entity is accountable to various stakeholders involved, but in the Islamic perspective, we are ultimately accountable to God and that will constrain our behavior in everything we do.

Islamic banks being completely different in its operations, as the modes of financing and other banking services provided are asset-backed and free from RIBA. This property of Islamic banking industry made it novel in financial industry and so the novelty is demanded in managing the businesses of Islamic banks.

In this regard, AAOIFI was established and it adapted International Accounting standards and provided accounting guidelines for banks. The formulation of AAOIFI as an organization when harmonization of accounting standards was debate of the day, has a number of reasons. First, interest (Riba) based transactions are replaced by Shari'ah compliant modes of transactions. The Shari'ah compliant modes of transactions require unique and diverse accounting needs. Leasing operations of Islamic banks can be partially covered under the International Financial Reporting Standards but the reporting and disclosure requirements of Istisna, Salam, Murabahah and Ijarah financing cannot be reasonably handled by conventional standards. Second reason of foundation of AAOIFI is that, as developments of the global financial industry and emergence of world as a global village initiated the need for uniform accounting treatment for all Islamic modes across the globe. Thirdly, accounting treatment for zakat is not available in other standard-setting bodies.

The Holy Quran emphasized the need for accounting records and says:

> *"O Believers! When you contract a debt for a fixed term, you should put in writing. Let a scribe write with equity the document for the parties. The scribe whom Allah has given the gift of literacy should not refuse to write. Let him write and let the one under obligation (the debtor) dictate, and he should fear Allah, his Lord, and should not diminish from or add anything to the terms which have been settled. But if the borrower be of low understanding or weak or unable to dictate (for any reason), then let the guardian of his interests dictate it with equity."* [2]

Accounting standards should have the features of viability, general acceptability, understandable, reliable and does not cause hindrances to the financial entities to do business. So the standards along with other features must be dynamic in order to create enough legal space for financial institutes to carry on their business

2 Al Quran, 2:282, Tafheem ul Quran by Syed Abul Ala Modudi, English translation: Dr Zafar Ishaq Ansari

without any hurdles. Taking the case under discussion that accounting standards for Islamic banks should possess the above mentioned features, so that Islamic banks can do the business without any difficulty or alteration in their existing structure.

On the other hand we find published literature which explains and emphasizes on the harmonization of accounting standards and role of Islamic banks in this regard. Separate accounting standards for Islamic banks is significant matter and inevitable according to the proponents of Islamic accounting but still not a single Islamic bank is found around the globe which is completely adopting the Islamic accounting standards (Karim, 2001). Full-fledged Islamic banks of Saudi Arabia are also not following the separate accounting standards specifically designed for the operations of Islamic banks, even though the Saudi Arabian laws are in accordance with the Shari‘ah. Another worth mentioning fact is that Saudi Arabia is the member of AAOIFI organization. Similar sort of picture is portrayed by the Islamic banks of Bangladesh, which are supposed to mandatorily follow different sets and rules of accounting standards to keep their accounts but AAOIFI standards are not enforced (Sakib, 2015; Ullah, 2013).

International Accounting standard board (IASB) and Accounting and Auditing organization for Islamic financial Institutions (AAOIFI) both are nonprofit organizations and do not possess the power of enforcement of implementation of standards. So the quality and efficiency prevails in this scenario. Accounting standards with comprehensive acceptability and viability will be adopted by the financial institutions (Whittington, 2008). It would not be easy job for AAOIFI to have all Islamic countries adhere to its standards, because of existing different legislations and regulatory requirement. Even in Pakistan, where constitution of Pakistan and people apparently committed to establish Islamic economics, the emphasis has not gone beyond interest ban and zakat calculation. This has created a huge vacuum of research in context of Islamic accounting and dynamism of applicability of accounting standards.

According to Maurer (2002) Islamic accounting standards are just replication of conventional accounting standards and it is just a mirage for Muslims and other professionals of Islamic banks that Islamic finance has separate accounting standards. It is also stated that the objectives of Islamic accounting standards are similar to conventional standards and did not pose any threat or challenge to conventional financing (Mirza & Baydoun, 1999).

Kamla (2009) critically analyzed the features of Islamic finance and mentioned that due to claim of Islamic finance organizers that their activities are Shari‘ah compliant, gave them the liberty of escaping from the criticism which would lead to efficiency in working. She criticized the Islamic accounting standard setting body in context of replicating the accounting standards of west. According to her, Islamic accounting standards setting body showed the perception that the standards are prepared in light of Shari‘ah teaching and compliance.

Karim (2001) in his research paper mentioned very thoroughly the harmonization issues and Islamic banks role in this regard. He presented the Mudarabah contract recording in financial statements by different techniques. According to him recording investment accounts through different techniques rendered the financial statements of Islamic banks non comparable. It seems that Islamic banks accountants and other relevant managers confuse about treating Islamic banks' practices.

Euromoney reports, Islamic banking's long term ambition of taking on world markets may be hindered by a lack of uniform and consistent accounting and auditing standards and proper regulations, and that standardization is desperately needed (Maurer, 2002). Maurer (2002) quoted a renowned Muslim scholar as: "there is no point in trying to reinvent the wheel". The machinery of neo classical economics and many of its assumptions are mostly in harmony with the canonical Islamic texts, as well as the opinions of Muslim jurists over the centuries.

# Methodology

There are 111 items extracted from the standard no 1 (FAS 1: General Presentation and Disclosure in the Financial statements of Islamic Banks and Financial Institutions) of AAOIFI's accounting standards. It is important to mention that of 111 reporting requirements, not all of them have equal importance. However, to avoid complications and subjective judgments bias, all of the items are assigned equal weights in order to get equal weighted average[3]. After compilation of these items has been done, rigorous activity of evaluating annual financial statements of four full-fledged Islamic banks took place. In this activity financial statements of Islamic banks of Pakistan are compared with the items mentioned of FAS 1 of AAOIFI. The matching or complying items of the annual financial statements with the AAOIFI accounting standard, FAS 1. Sample of this study is all the four full-fledged Islamic banks of Pakistan[4]. There are financial statements of four years selected for each Islamic bank. The years are; 2009, 2015, 2016 and 2017. Reasons of taking these years is based on the logic that year 2009 is taken because it will allow us to examine the status of Islamic banks of Pakistan in year 2009 in context of reporting their financial statements. Then the status of financial statements of Islamic banks of year 2009 or compliance level of Islamic banks with the AAOIFI accounting standards in 2009 with the financial statements of years 2015, 2016 and 2017. This technique will allow our analysis a wider dimension of discussion in which we can examine any changes in the financial statements of Islamic bank in these years and this will also tell us changes in the level of compliance of Islamic banks' financial statements in these years.

There are various methods and techniques used to empirically evaluate and examine the level of compliance of any process with the specific standards or benchmark. The methods of evaluation differ on the basis of the data or process under examination. One of the method is called process equivalence and it is supposed to compare two models in context of the level of equivalence in their processes. This type of technique is mostly used in the fields of computer and information technology where two software models are supposed to be compared for the purposes of their performance (W. M. van der Aalst, De Medeiros, & Weijters, 2006).

Second technique or model is called process compliance and it apparently looks quite relevant to the objectives of this research study. Compliance can be defined as the process to fulfill the needs of the governance and regulatory requirements. In context of compliance, any entity is required to comply with various factors and regulators and these factors can be categorized in following categories; external regulators and values, organization wide policies and internal process policies. It is quite difficult to measure all the above mentioned factors with a single method and that is why different procedures are required to measure each of the factor. The empirical evaluation of the objectives of this research study can be done by following technique of process compliance (W. Van der Aalst, Weijters, & Maruster, 2004).

The easiest and simplest process in evaluation of compliance level of any entity with the commands and standards of regulatory body is by examining the changes performed by the entity following standards and guidelines of any regulator. For example, an entity has made 100 changes in its business operations and 95 of these changes are in line with the guidelines of its regulators, so we can simply state that the compliance level of the entity is 95%. The extraction this result is followed by meticulous auditing of every process or item of operation of the entity. (W. Van der Aalst et al., 2004)

This study uses similar technique as adopted by W. Van der Aalst et al. (2004). We identify 111 presentation requirements as suggested by FAS-1 of AAOIFI and compare it with the actual presentation in four Islamic

3 Though every item of the standards is not of equal importance and significance and in order to evaluate the level of significance of every item, requires a separate detailed and extensive study in which survey of theoretical literature of accounting standards can be conducted along with interviews from concerned persons.

4 Meezan Bank, Dubai Islamic Bank, Al-Baraka Bank and Bank al Islami.

banks' financial statements. The financial statements of Islamic banks are examined in relation to all these 111 items. It has already been mentioned earlier that in order to make things simple, every item is assigned equal weight. If anything mentioned in the annual statements of Islamic banks is in compliance with the items then the outcome shall be 'yes' and if not present then 'No'. Later for the estimating purposes, 'yes' is assigned number '1' and 'No' is assigned '0'. After this simple average shall be taken which will tell us the percentage of level of compliance with AAOIFI accounting standard FAS 1.

## Results and Discussion

Table 01 shows the level of compliance of each bank in year 2009, 2015, 2016 and 2017. Items compiled for the development of index includes 111 items and these items are further classified under different heading as is in AAOIFI FAS 1. These subcategories are also given a separate level of compliance in order to examine the shortcomings and strong fields of different Islamic bank.

*Table 1 - Level of compliance of Islamic Banks of Pakistan with FAS 1*

| **Year** | **Name of Bank** | **Number of complaints** *Items out of total 111* | **Level of compliance** *(%)* |
|---|---|---|---|
| **2009** | Al Baraka Bank | 63 | 56.75 |
| | Bank Islami | 69 | 62.16 |
| | Dubai Islamic Bank | 69 | 62.16 |
| | Meezan Bank | 76 | 68.46 |
| **2015** | Al Baraka Bank | 62 | 55.85 |
| | Bank Islami | 69 | 62.16 |
| | Dubai Islamic Bank | 69 | 62.16 |
| | Meezan Bank | 76 | 68.46 |
| **2016** | Al Baraka Bank | 63 | 56.75 |
| | Bank Islami | 69 | 62.16 |
| | Dubai Islamic Bank | 69 | 62.16 |
| | Meezan Bank | 76 | 68.46 |
| **2017** | Al Baraka Bank | 62 | 55.85 |
| | Bank Islami | 68 | 61.26 |
| | Dubai Islamic Bank | 64 | 57.65 |
| | Meezan Bank | 76 | 68.46 |

Above mentioned table describes a brief overview of the level of compliance of each bank for sampled years by using the model of process compliance. It is evident from the table that Meezan bank is showing highest level of compliance as compared to other banks. Meezan bank is the first Islamic bank established in Pakistan and can be termed as pioneer of practical operations of Islamic banks as an institute in Pakistan. Total of 76 items of Meezan bank are compliant with the AAOIFI FAS 1, with 68.46% level of compliance. Results in the table are suggesting no significant difference in compliance level across the four years. This shows that there is no increment in level of compliance of financial statements of Islamic banks of Pakistan with the guidelines and standards issued by AAOIFI. The possible reason of this would be that the level of compliance which is seen in the above mentioned table is level of compliance of AAOIFI standards with the standards and guidelines issued by IASB and SBP.

Bank Islami is on second number in the list in context of level of compliance and sharing the seat with Dubai Islamic bank with 62.16 % of level of compliance and 69 items out of total 111. Similarly, Al Baraka Bank is on third or on the last number in the list in context of level of compliance with 63 items show compliance with the AAOIFI, FAS 1.

In the Table 1, four years of data is shown for each bank and figures are not changing even a bit in all the years. This depicts that with the passage of time, all the four Islamic banks of Pakistan have not improved their level of compliance with the AAOIFI accounting standards. This is because of the reasons that Islamic banks of Pakistan are not obliged to adopt the AAOIFI standards and these banks are preparing their financial statements by following the IFRS rules and principles adapted by SECP and SBP. This can also be put like this, that, the level of compliance shown by the Islamic banks of Pakistan with the AAOIFI standards is just because of basic similarity between two standard setting bodies in preparation of standards. It is also because, we all know that the AAOIFI while constructing its accounting standards explicitly mentioned in the preface that all the acceptable standards and items of IFRS shall be taken and rephrased or restructured in accordance with the requirements of the AAOIFI objectives[5].

Above mentioned results show the level of similarity in providing rules and principles for accounting policies by AAOIFI and IFRS. In addition to that, to increase the level of compliance with the Shari'ah, every bank has the discretion of voluntary disclosure and by doing so, Islamic banks can increase their level of compliance without going into a drastic shift or structural change towards any other standards providing body. Below is mentioned a detailed overview of level of compliance of every subcategory mentioned in FAS 1 of AAOIFI.

*Table 2 - Level of compliance of each by category*

| **Sub categories of FAS 1** | Total No. of Items | Al Baraka Bank | Bank Islami | DIB | MBL |
|---|---|---|---|---|---|
| General Provisions | 15 | 80% | 86.6% | 86.6% | 86.6% |
| Disclosure of Basic Information about the Islamic Banks | 11 | 72.7% | 72.7% | 72.7% | 100% |
| Disclosure of Currency used for accounting measurement | 02 | 100% | 100% | 100% | 100% |
| Disclosure of significant accounting policies | 07 | 100% | 100% | 100% | 100% |
| Disclosure of unusual supervisory restriction | 01 | 0% | 0% | 0% | 0% |
| Disclosure of earnings or expenditures prohibited by *Shari'ah* | 01 | 0% | 0% | 0% | 100% |
| Disclosure of concentration of assets risks | 01 | 100% | 100% | 100% | 100% |
| Disclosure of concentrations of sources of unrestricted investment account and their equivalent and other accounts | 14 | 50% | 50% | 50% | 50% |
| Presentations and Disclosure in each statement, The Statement of Financial Position | 15 | 60% | 60% | 60% | 60% |
| The Income Statement | 15 | 60% | 60% | 60% | 60% |
| Statement of Cash Flows | 04 | 75% | 75% | 75% | 75% |
| Statement of Changes in Owners' equity | 06 | 83.3% | 83.3% | 83.3% | 83.3% |
| Statement of Changes in restricted Investments | 10 | 0% | 0% | 0% | 0% |
| Statement of sources and uses of funds in the zakah and charity fund | 04 | 0% | 0% | 0% | 75% |
| Nature of material revenues, expenses, gains and losses from other activities should be disclosed | 05 | 0% | 100% | 100% | 100% |

5 Para 23 and 24 under the heading titled "The Approach to establishing objectives of Financial accounting for Islamic banks and financial institutions" AAOIFI Accounting Standards.

## Conclusion

Islamic banks have grown immensely in the last decade and along with their significant share in the financial industry, these banks are putting a serious impact on the conventional financial institutions of the world. Islamic banks are different in its nature and operation and these differences demand different set of parameters and standards to keep the business of Islamic banks in motion (Sobhani, Zainuddin, Amran, & Baten, 2011).

Financial statements of organizations especially banks is of great importance and the information mentioned in these financial statements not only attract the new business for the banks but also enhances the goodwill of the organization in the industry. Abdelgader (1994) also argues that better disclosure in financial statements leads towards better perception of stakeholders in organization and users of financial statements.

Similarly Islamic banks are also under obligation to publish their financial statements and some rules and regulations prepare these financial statements. These rules and regulations are provided by different organizations, like IASB provide IFRS, AAOIFI provides FAS. As Islamic banks are different in nature and their business, so the recording of their transactions shall also be different and for that purpose they need separate and specialized accounting standards (Haniffa & Hudaib, 2004).

AAOIFI is providing specific accounting standards for Islamic banks and Islamic financial institutions, but very few Islamic banks in the world are following these set of rules while preparing their financial statements. So this study is conducted in order to know that how much compliance with AAOIFI accounting standards is present in the financial statements of Islamic banks of Pakistan even though the Islamic banks of Pakistan are not under obligation to adopt or adapt any of the AAOIFI standards.

Islamic banks of Pakistan are following IFRS while preparing their financial statements and this study is focused on the evaluation of compliance level of these financial statements with the AAOIFI's FAS 1. It is seen that overall more than 50% level of compliance is found in the financial statements of Islamic banks even though they are not following the AAOIFI. This compliance can be increased with voluntary disclosures by the Islamic banks, which they have the discretion to do so.

The data in this study has limitations, which can be resolved if a broader level of research is conducted. Every item mentioned in the sample is not of equal importance to the investors and so has less significance. For this reason a survey should be conducted by which academicians and bankers are asked about the level of importance of each item along with a detailed evaluation of theoretical literature available on the subject of accounting and accounting standards for Islamic banks.

## Declaration

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