



# 2<sup>nd</sup> Balkans and Middle East Countries Conference on Auditing and Accounting History

September 15 - 18, 2010 / Istanbul / Turkey

Conference Proceedings  
Vol. III





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# THE STAIRS ACCOUNTING METHOD AND CASH AWQĀF IN THE OTTOMAN STATE: A CASE STUDY

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## **Abstract**

In this study, general information about the "Stairs Entry System" which was used for 1,100 years starting from the Abbasids until the declaration of Tanzimat Edict in the Ottoman State will be given, and then the cash awqāf system will be explained with a case study of a certain part from Haremeyn Muqata'ah officer Kadızade Mehmet Effendi's cash awqāf income and expenditure account covering a year from 29.08.1726 to 19.08.1727. The sample does not show that it was recorded using the double-entry system. The main reason for this is the use of only a few pages from the sample document.

**Key Words:** Accounting, Stairs (Merdiban) Accounting System, Ottoman State, Cash Awqāf.

## **1. General Information About Stairs (Merdiban) Accounting Method**

The Stairs (Merdiban) Method, which is a bookkeeping method, was born in the Middle East and after centuries of use was eventually phased out in the Middle East and replaced with double-entry bookkeeping adopted from the west. The first traces of this method are found in the accounting records of the Abbasid State early in the VIII. century. The last examples of the application of the method are in the Ottoman Empire near the end of the XIX. century. Accordingly the aforementioned method has had a lifespan of 1,100 years.

The method was invented and developed as a part of state accounting. The method was also known to be used in the economic enterprises of the state. It originated and developed in three states. These are the Abbasid Empire (750-1528), the Ilkhans (Il-khans) State (1251-1353) and the Ottoman Empire (1299-1922). The birth and adolescence of the Stairs Method was in the Abbasid state; its development occurred during the Ilkhanian era, while its maturity was brought about during the Ottoman reign. Throughout its eleven centuries of existence the method was in a constant state of development and renewal to better suit the prevailing conditions of the time. This is reflected in the fact that when early and later examples of the method are compared, marked differences are observed while the principle of the method remains the same.

The three states mentioned above were founded by different nations. The Abbasid Empire was an Arab state, The Ilkhans were a Mongol dynasty and the Ottoman Empire was a

Turkish state. The Abbasid Empire was a Muslim State. The Ilkhans State, while not a Muslim state, was predominantly administered by statesmen who were Muslims of Turkish and Persian cultural stock. The Ottoman Empire had a state structure where Turkish and Islamic cultures prevailed. The foundation of these three states was consecutive.

The political and economic relationships between these three states resulted in the handover of accounting methods from one to the other. The Mongols, who established the Ilkhans, destroyed the Abbasids Empire in 1258 but inherited many different cultural elements. In the establishment of the Ilkhans State, Arabs and Turks, who had arrived in Anatolia from Central Asia and had a more advanced civilization than the Mongols, served as high level public servants. It is possible that Arab statesmen who took part in establishing the new state brought a fiscal structure and accounting system developed through previous experience to Iran along with their methods and structure of public administration. This accounting system is the Stairs Method. During the Ilkhans State era the method was developed and several books were authored that aimed to teach and present the method and the name **Merdiban (Merdiven-Stairs)**<sup>1</sup> was given to the method.

The Ottoman state was established in the north-west of Anatolia and constantly expanded westwards - to such an extent that it had expanded into the Balkans, during the XIV. century, within a century of its establishment. To secure its eastern borders it paid tributes to the Ilkhans State for about 50-60 years after its foundation; it was during these fiscal relations that the Stairs Method was learned and adopted by the Ottoman State. It is also possible that the Ilkhanian officials of Turkish stock who were employed in the Ilkhans State's accounting, who later moved to Anatolia, contributed to the transmission of this accounting method. This method of accounting is known to have been used for centuries not only in state administration of the Ottoman Empire but also in state-owned enterprises and endowments. The method was developed over the centuries and adapted to new requirements and was sufficient for all accounting needs of the state. Similar to current accounting methods, not necessarily being called double-entry bookkeeping, the name of the Merdiban (Stairs) Method was not used in the Ottoman Empire and it was simply referred to as the accounting method. This method was employed in the Ottoman Empire until 1879 and was abandoned as dictated in a Royal Edict issued that year and was replaced with double-entry bookkeeping.

The first known example of the Stairs Method is given in the work titled *Über Das Budget der Einnahmen unter der Regierung des Harun Alrasid* written by A. Freiherrn von Kramer and published in Vienna in 1876 by Alfreed Hölder k.k. Hof- und Universitäts Buchhandler<sup>2</sup>.

The same author has another work originally titled *Über das Einnahmehbudget des Abbasiden-Reiches Vom Jahr H.306 (918-919)* published in 1888 in Vienna by In Commission bei F. Tempsky with the title Kaiserlichen Akademie der Wissenschaften - Philosophisch Historische Classe<sup>3</sup>.

In both works Kramer included accounting records of the Abbasid's daily revenue and expenditures.

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<sup>1</sup> For this accounting technique called Stairs (Merdiban) see W. Hinz, *Resâle-i Falakiyyâ*, Wiesbaden, 1952, p. 35-57.

<sup>2</sup> A. Freiherrn von Kremer, *Über Das Budget der Einnahmen unter der Regierung des Harun Al-rasid*, 1876, Wien.

<sup>3</sup> A. Freiherrn von Kremer, *Über das Einnahmehbudget des Abbasiden-Reiches Vom Jahr H.306 (918-919)*, 1888, Wien.

## 2. Comparison of Generally Accepted Accounting Principles and Stairs Accounting Method.

In this part, generally accepted present day accounting methods and rules will be presented and a comparison will be made with the Stairs Method by examining the presence of these rules and their usage. It is aimed to prove the complexity and sufficiency of the method and to set a foundation for it.

As is well known, there are two accounting recording methods found to be practical around the world. One of these methods is the "Uniform Accounting Method" and the other is the "Double Entry Bookkeeping Method".

Both methods are applicable to and convenient for present day accounting rules and principles. The principle for the uniform accounting method is to record only incomes or only expenditures. This practice can be seen in accounting books of enterprises or in the books kept for tracking incomes and expenditures of block of flats. But in the double-entry method, there are at least two active accounts where one is in debit the other is the credit and in every case there is at least one active account in debit and in turn a passive account or a regulatory account is the credit or an income account from the income table is the credit<sup>4</sup>.

It can be seen that the Stairs Method has differences from both the abovementioned methods. It is possible to list the main differences of the Stairs Method from the abovementioned methods as follows: First of all, this method is different from present day methods in its record books. For example, studies show that the Stairs Method had record books only for incomes or only for expenditures or for both of them. Record books used for keeping both incomes and expenditures even had classifications among themselves in physical terms. For example, in some books, after listing incomes, expenditures are listed and the total is calculated at the end of the book<sup>5</sup>. In the other type, incomes and expenditures are listed one after the other<sup>6</sup>.

From this perspective, the Stairs Method is an accounting recording method that stands on its own and almost contains all the structures of both the uniform and double-entry methods within it. It is possible to notice the features of both methods in the Stairs Method. It was mentioned previously that the first encounters with the Stairs Method was in the time of the Abbasids. In this respect, it would not be wrong to mention that the Stairs Method was influential in the development of the uniform and double-entry methods.

In the light of these findings, it would be right to make a comparison between the practice of generally accepted present day accounting principles and rules with the results we gained through the study of The Stairs Method. Table-1 below gives this comparison.

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<sup>4</sup> Ulrich Döring ve Rainer Buchholz, *Buchhaltung und Jahresabschluss*, 9. Edition, Berlin: Erich Schmidt Verlag, 2005, p. 24-25.

<sup>5</sup> As in T.R. Prime Ministry Ottoman State Archives, Kâmil Kepeci classification book no. 1920 an 1973. More examples can be given.

<sup>6</sup> As in T.R. Prime Ministry Ottoman State Archives, Kâmil Kepeci classification book no. 1721 an 1722. More examples can be given.

**Table 1: Comparison of Generally Accepted Accounting Principles and Stairs  
(Merdiban) Accounting Method**

Generally Accepted Accounting Principles	Its place and Structure in Stairs Accounting Method
<p><b>The Concept of Social Responsibility:</b> This concept represents the responsibility of an enterprise not only for itself but also for society. Enterprises should watch out for the benefits of society in their acts.</p>	<p>Since the Stairs Method was used for state accounting, the good of the society, without doubt, was always taken into consideration. Because when the state and its properties were the topic, both the influence of the religion (influence of shariah rules) and the traditions of the time made the approaches to the subject more vulnerable.</p>
<p><b>The Concept of Business Entity:</b> This concept represents that the enterprise has a separate entity apart from its owners. This is called "Business Entity". This accountable identity has a right to be the debtor or the creditor on its own.</p>	<p>As mentioned before the stairs method was used in state accounting, so no such signs of Business Entity were found.</p>
<p><b>The Concept of Continuity:</b> It is a concept based on the continual life of an enterprise. But some legal procedures limit the life of an enterprise to between 49 and 99 years. No one establishes his enterprise to shut down so it is nothing more than a legal requirement.</p>	<p>Continuity concept is a necessity which can be observed in The Stairs Method. Because no state would continue its activities in order to vanish after a while, and for such a state like the Ottoman Empire this is an observable reality.</p>
<p><b>The Concept of Periodicity:</b> Continuous life of enterprises require dividing its life into terms like a calendar year to do some necessary operations such as paying profits to shareholders and paying taxes to the state. This concept represents this periodization</p>	<p>Since this method was used for state accounting, the concept of periodicity here, apart from meaning the fulfillment of some responsibilities, was used for making the budgets and following the difference between the accrument and realization of incomes. It is observed either in the form of keeping the records in annual periods or in records kept until the end of a fulfillment of a task.</p>
<p><b>The Concept of Measurability with Money:</b> All the financial transactions are expressed with a monetary unit accepted in that country. If we need to clarify, we use "Turkish Lira" in defining all the financial transactions in our country.</p>	<p>It is seen that, although quantities of goods were used in some instances, records with the currency of that state were generally made. This was effective in the Abbasids, Ilkhanians and Ottomans. For example, Ottomans kept records in akçe and/or gurüş units.</p>
<p><b>The Concept of Cost Principle:</b> Enterprises always use the cost of a good or service for their acquisitions. It is a principle to keep records based on costs.</p>	<p>This principle can be observed in good purchase entries of The Stairs Method (Especially in records of Matbaâ-ı Amire where expenditures of the palace kitchen were kept)</p>
<p><b>The Concept of Neutrality and Documentation:</b> Enterprises must do every transaction with documents and no transaction without a document should be recorded. No documented transactions should be done for favor of a specific group or entity (shareholders, creditors etc.) and objectivity and neutrality must be preserved.</p>	<p>Although there is not much proof of neutrality and documentation, while keeping records the signature of an authority (kadi, vizier and sometimes the sultan) is used to confirm the reliability of the record and sometimes the expression of "controlled" by another authority showed the truth and validity of the record.</p>

### 3. Cash Awqāf System In The Ottoman State

We thought that before introducing a money waqf (plural: awqāf) system in the Ottoman State, looking at the financial structure of the Ottoman State would be helpful. In the foundation period of the Ottoman State between 1299 and 1453 many institutions were established and the principles of financial administration were set out. While structuring the financial administration of the state, an accounting system was also put into practice. It will be beneficial to overview the Ottomans' political and financial structure in the foundation period before continuing with the practice of the accounting system taken from the Ilkhanians.

Ismail Hakkı Uzunçarşılı mentions that the Ottomans took their first administrative system from the Anatolian Seljuks and the Ilkhanians. As the historians point out, the Divan was the most important decision making unit in the central structure of tribes. It is understood that the padishah or his vizier directed the Divan. In the Ottoman Emirate, as it was in the Ilkhanians, viziers belonged to *ilmiye* (scholar) class. After Osman Ghazi, administration of the conquered lands was given to the commanders who conquered them. Later, these regions were turned into *Sancaks* (a subdivision of a province) and *Kadis* were assigned to them as rulers<sup>7</sup>.

It is understood that throughout XIV century Iran, Syria and Cairo were superior to Anatolia in terms of culture and state order. It is known that after the conquest of Istanbul, superiority passed to the Ottomans and scholars moved to the lands of the Ottomans. For this reason, it is logical for the Ottomans to make use of the Arabic and Ilkhanian state system<sup>8</sup>.

Throughout the first half of the XIV century Divan administration taken from the Ilkhanians was used and formed accordingly<sup>9</sup>. At the beginning the Divan was congregated under the padishah every morning. Apart from *Veziri Azam* (Grand Vizier) and other viziers, *Kazasker* (military judge), *Defterdar* (head of provincial treasury) and *Nişancı* (carrier of the ruler's signature) attended these meetings. *Vezir-i Azam* dealt with military affairs, *Kazasker* with legal affairs, *Defterdar* with financial affairs and *Nişancı* as the head secretary of the divan dealt with affairs of land, appanage, fief and *timar*. In the rise of the Ottoman State, padishah monitored the divan. After Mehmed the Conqueror, *Vezir-i Azam*, also known as *Sadrizam* in later times, presided over the Divan.

In the administrative structure of the Ottoman State, *beylerbeylik*, *sanjak*, district and villages are the units from the biggest to the smallest. *Beylerbeylik* is also known as a province. State expenditures and collected taxes were distributed according to this structure.

It is natural to internalize the administrative structure of the Ilkhanians since the Ottomans had close relations and paid taxes to them. The most important document showing that the Ottomans paid taxes to the Ilkhanians for centuries is *Risale-i Felekkiye*, one of the most important teaching books of accounting<sup>10</sup>.

Taxes were divided under two names: *Şer'i* (religious) and *Örfi* (consuetudinary) taxes and there were 80 *şer'i* taxes. *Teklif-i Örfiye* (in the time of Bayezid II) found 97 kinds of taxes under the name of *avarız tax*<sup>11</sup>.

At this point, a schematic projection of the taxes practiced by the Ottoman Empire until the *Tanzimat Edict* will be given<sup>12</sup>.

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<sup>7</sup> Ismail Hakkı Uzunçarşılı, *Osmanlı Tarihi*, Vol.1, p. 126-127.

<sup>8</sup> Uzunçarşılı, *ibid.*, p. 126-127.

<sup>9</sup> Uzunçarşılı, *ibid.*, s. 501.

<sup>10</sup> This work can be found in Ayasofya Library with register no 2756.

<sup>11</sup> Halaçoğlu, *ibid.*, p. 65.

<p><b>The Concept of Consistency:</b> Enterprises should pay attention in following the same finance politics in different times and should obey them as closely as possible. But in situations where this is not possible, it should be stated so in the endnotes of financial tables and these changes should be made known to the state officials in tax declarations.</p>	<p>It is seen that from the Abbasids to the Ottomans information about the contents of entries, rather than accounting politics, with slight changes and improvements was used. For example giving a line number to entries (A good example of this is the Turkish Prime Ministry Ottoman Archives, Kâmil Kepeci classification, book no. 2018), assigning dates, giving details, which is the source of the name of the method, in compliance with subtotalling rationale.</p>
<p><b>The Concept of Full and Fair Disclosure:</b> Financial tables used by enterprises should be clear so everyone can understand, must be written with care and must give the necessary information to the users of these tables.</p>	<p>Since The Stairs Method was used for state accounting, no such care was given for its use by the third parties and Siyakat writing system was used in financial documents only for the comprehension and use of finance officials. Siyakat was also used for secret correspondence of states and transferring and covering secret information.</p>
<p><b>The Concept of Prudence:</b> An enterprise should act as a "prudent tradesman", that is it should make reservations for the possible expenditures and damages, and should do nothing for profits until the term of realization.</p>	<p>Especially in Ottoman times, while preparing the budget, income of previous nine months and income prediction for the remaining three months were used for preparation of the next year's budget. It is seen that these predictions were made according to the accrument principle and if it did not meet the damage then it was recompensated (especially from Hazine-i Amire).</p>
<p><b>The Concept of Materiality:</b> An enterprise should declare if it has an important project for the future while publishing financial tables or should inform the users about the possible cases of compensation it has or any case which requires an outflow of cash. Because such information about projects, rights and/or responsibilities are important factors for the users.</p>	<p>It is known that especially the Ottomans kept money for possible military campaigns. But its explanation in account books was rare. Certainly, concepts such as financial tables and endnotes were not possible for those times.</p>
<p><b>The Concept of Substance Over Form:</b> Since there is a mobility in financial life, the legal character of some financial subjects may sometimes contradict its economical sources. In this case, the economical source of the transaction must be taken into consideration. For example, a cheque is a precious document which must be paid when it is presented but in Turkish financial life a cheque is used in a deferred way like a debenture. Enterprises in such cases should take into consideration the economical source of these documents rather than its legal character and should collect it on the due date.</p>	<p>This concept cannot be said to be valid and useful from the Abbasids to the end of the Ottomans. For this reason no practice of substance over form concept was found.</p>

Table-1 above shows that there are many similarities between generally accepted present day accounting methods and The Stairs Method. In the light of these points, it can be said that The Stairs Method, when it was in use, served in accordance to the present day accounting rules and principles.

No	Name of the Tax	Subject	Taxpayer	Amount and Rate	Time of payment	Collector
1	Şer'i Taxes					
A	Zekât (Islamic obligatory alms)	Owned properties	Every qualified Muslim	1/40	Once a year	
B	Harac (as land tribute)					
a.	Harac-ı Muvazzaf	From the miri lands used for agriculture		fixed		
aa.	For the rent of land					
	1. Resm-i Çift (Çift Akçesi)	Used lands	Land owner Muslims. Imams and some civil servants are exempted.	As fixed for each çift	Every year on March 1	Timar or property owner or foundation.
	2. Resm-i Zemin (Dönüm Resmi)	Lands given to the registry by the cavalier	The cultivators of the land	Fixed for each Dönüm	Every year on March 1	Timar owner (sipahi)
	3. Resm-i Asiyab (Değirmen Resmi)	Flour and olive mills on the lands of cavalier	Mill keeper	Fixed for each mill	Every year on July 19	Timar owner
bb.	Individual taxes					
No	Name of the Tax	Subject	Taxpayer	Amount and Rate	Time of payment	Collector
	1. Resm-i Bennak (Bennak Resmi)	Residency in the country	Head of family who has no lands or less than half çift, in other words those who are capable to work but not working. Academicians are exempted.	In different rates	On March 1	Timar owner
	2. Resm-i Mücerred	Residency in the country	Non married landless or little landed peasant	In different ratios	On March 1	Timar owner
	3. Resm-i İspenç	Equivalent of çift tax taken from Muslims	Non Muslim farmer males	Fixed	On March 1	Timar owner
	4. Resm-i Arus (Gerdek Resmi)	For the marriage of women	Her husband	Fixed	On marriage	Timar owner or official
	5. Resm-i Duhan (Tütün Resmi)	Provisional settlement on land	Provisional settlers and those who do not work in agriculture	Fixed	In winter months	Timar owner
cc.	Law fines					
	1- Resm-i Çift Bozan	Leave of land	Farmer leaving his land	Fixed	In Muharrem month	Timar owner
	2- Resm-i Cürüm ve Cinayet	Agricultural damage to land	Responsible farmer	Fixed		Timar owner
No	Name of the Tax	Subject	Taxpayer	Amount and Rate	Time of payment	Collector
b.	Harac-ı Mukaseme	Revenue gathered from Miri lands (agricultural products and		Verimine göre gayri safi hasıllattan 1/10'dan yarıya kadar		

<sup>12</sup> Erdoğan Öner, Osmanlı İmparatorluğu ve Cumhuriyet Döneminde Mali İdare, Unpublished doctorate thesis, 1997.

	fruits)					
	<b>Öşür (Aşar-ı Şer'iyye)</b>	<b>Agricultural Products</b>	<b>Muslim or non Muslim subjects</b>	<b>According to yield</b>	<b>At Harvest time</b>	<b>Timar owner, Foundation or Treasury</b>
	1. Resm-i Bağ	Vineyards	Producer	From the product between 10%-50%	At Harvest time	Timar owner, Foundation or Treasury
	2. Resm-i Şıra	Grape juice	Producer	From the product between 10%-50%	At Harvest time	Timar owner, Foundation or Treasury
	3. Resm-i Bahçe	Fruit gardens	Producer	From the product between 10%-50%	At Harvest time	Timar owner, Foundation or Treasury
	4. Resm-i Bostan	Vegetable products	Producer	From the product between 10%-50%	At Harvest time	Timar owner, Foundation or Treasury
	5. Resm-i Fevakiñ	Other fruits in vineyards	Producer	From the product between 10%-50%	At Harvest time	Timar owner, Foundation or Treasury
	6. Resm-i Kovan	Skep product	Producer	10% for the product	At Harvest time	Timar owner, Foundation or Treasury
	7. Resm-i Harir	Silkworm cocoon	Producer	From the product between 10%-50%	At Harvest time	Timar owner, Foundation or Treasury
<b>No</b>	<b>Name of the Tax</b>	<b>Subject</b>	<b>Taxpayer</b>	<b>Amount and Rate</b>	<b>Time of payment</b>	<b>Collector</b>
	8. Resm-i Penbe	Cotton	Producer	From the product between 10%-50%	At Harvest time	Timar owner, Foundation or Treasury
	9. Resm-i Giyab	The number of meadows mowed	Producer	At different rates	At Harvest time	Timar owner, Foundation or Treasury
	10. Resm-i Ağ	Fish caught	Producer	At different rates	At Harvest time	Timar owner, Foundation or Treasury
	11. Resm-i Odun		Head of house	A cart of wood for each house		
<b>C</b>	<b>Taxes taken from animals (Zekât-ı Sevaim)</b>		<b>Animals</b>			
	1. Ağdet-i Ağnam	Ovine (sheep and goat)	Ovine owners	Fixed for each	Once a year	Timar owner or Treasury
	2. Ondalık Ağnam Resmi	Ovine (sheep and goat)	Ovine owners	Fixed for each	Once a year	Treasury
	3. Yave Vergisi (Kaçkan Resmi)	Finding the lost animal	Animal owner	Fixed for the distance		Bulunduğu toprak sahibi
	4. Otlak, Kışlak or Yaylak Resmi	Pasturing animals coming from other places	Herdsmen who do not pay Ovine tax	Fixed for each sheep or goat	Zemheri time	Timar owner or Treasury
	5. Ağıl Resmi (Yatak Resmi)	For constructing sheepfold on the lands of cavalier for winter or production			At the entrance of the fold	Timar owner
<b>No</b>	<b>Name of the Tax</b>	<b>Subject</b>	<b>Taxpayer</b>	<b>Amount and Rate</b>	<b>Time of payment</b>	<b>Collector</b>
	6. Resm-i Canavar (Resm-i Hinzir)	Pigs	Non Muslim owners	For each pig Fixed	At the end of harvest	Timar owner (Treasury)
	7. Zebhiye Resmi (Serçin Resmi)	Slaughtered animals	Owners of the butchered animals	For each Fixed	During the slaughter	Treasury
	8. Selâmet Akçası (Geçit Resmi, Toprak Bastı Parası)	Dispatch of herds to Istanbul or transit	Herd owner	For each Fixed	During transit	Treasury
	9. Ağnam Bâcı	Sheep trade in the market	Sellers	Increasing for each sheep	During the purchase	Treasury



D.	Cizye (Harac-ı Ruus)	Non Muslim males (for protection and exemption from the military service)	Matured non Muslim males	Fixed for three classes	Once a year	Treasury
E.	Ihtisab Resmi (Several bacs such as Damga, Mizan evzân ve ekyâl, yevmiye-i dekakin, bâc-ı Pazar)	Commercial transactions, goods purchases	Tradesmen and craftsmen	Fixed		Treasury
F.	Customs tax (Zekat-ı Aşır)	Internal or external goods transfer	Exporter or importer	Rational or for each yuk Fixed	During the transfer	Treasury
II.	<b>Örfî Taxes (Taxes collected with the control of the Ruler)</b>					
No	Name of the Tax	Subject	Taxpayer	Amount and Rate	Time of payment	Collector
A.	Rûsum-ı Örfiye	Service fulfilled	Beneficiaries			Kadı or other civil servants. Timar owner in free Timar.
a.	lane-i Hûkkamiye, Bedel-i mübaşiriye, kalemiyye, kâtibiyiye, kethûdaiye, harc-ı defter, harc-ı mahkeme, yazıcı akçesi, kaydiye harcı, ilâm harcı, ahar vekâlet harcı, tahsildariye etc.	Amounts given during legal procedures, salaries of bailiffs, collector and clerks etc.	Beneficiaries	Fixed or relative rates	During transaction	Kadı and other officials
b.	Harc-ı reddiye, taahhüd	Taxes born from the securities and undertaking bonds of contractors and bonded jewelers to treasury and property offices	Contractor or jeweler	Fixed or relative rates	During transaction	Treasury
B.	Tekalif-i Divaniye (Avârız-ı Divaniye, Avârız Taxes)	Immediate or war expenditures of the state	Heads of Houses (Privileged provinces are exempted)	The share accrued from the General distribution for each house or individual	Annually or supernatural events such as wars	Treasury (Tevzi books)
No	Name of the Tax	Subject	Taxpayer	Amount and Rate	Time of payment	Collector
a.	İmdadiye-i Seferiye	When the treasury could not meet campaign costs	Heads of Houses (Privileged provinces are exempted)	The share accrued from the General distribution for each house or individual	Annually or for extraordinary cases as wars	Treasury or military official
b.	İmdadiye-i Hazariye	When needed during times with no campaigns (salaries of the staff, support	Heads of Houses (Privileged provinces are exempted)	The share accrued from the General distribution for each house or individual	In two installments	Treasury or related administrators

		for campaigns, etc)				
c.	lane-i Cihadiye	Temporary for supporting campaigns	Heads of Houses (Privileged provinces are exempted)	The share accrued from the General distribution for each house or individual	In two installments	Treasury
d.	Avarız akçesi, Mukabele akçesi, Menzil-i Malı, residence expenditures, Han, house and meadow rent, Bedeli Nüzül, Peksimet Bahası, Zahir Bahası, Ulufe Bahası, Kumanya Bahası, Tayinat Bedeli, Taamiye etc.	Temporary support for soldiers in a definite location for their accommodation	Heads of Houses (Privileged provinces are exempted)	The share accrued from the General distribution for each house or individual	In two installments	Spent partially at location Partially sent to treasury
No	Name of the Tax	Subject	Taxpayer	Amount and Rate	Time of payment	Collector
e.	Rowman salary, dockyard cost, Asakiri Bahriye, rowman Avarız etc.	Salaries of ship personnel who sail and row the ship	Heads of Houses (Privileged provinces are exempted)	The share accrued from the General distribution for each house or individual	In two installments	Spent partially at location Partially sent to treasury
f.	Harc-ı ferman, harc-ı evamir, kudumiye, cevaiz, hediye bahası, kaftan bahası, tebşiriye-i mutade etc.	Costs and tips of Viziers, messengers, governors who are assigned to other places or posts and taxes taken for important ferman and edicts	Heads of Houses (Privileged provinces are exempted)	The share accrued from the General distribution for each house or individual	In two installments	Related administrators
g.	Office expenditure, horse expenditure Transfer expenditure, hand over expenditures	Collection of expenditures of transferred officials and their clerks and families from the families	Heads of Houses (Privileged provinces are exempted)	The share accrued from the General distribution for each house or individual	In two installments	Related administrators

In this financial structure, foundations (property, land and establishments), and among them cash awqāf had an important place. Cash awqāf were the kind of foundations which were given not as real estate but as a sum of money. In these foundations, money was operated by a board of trustees and the profit was spent in accordance with the foundation objectives of the waqf<sup>13</sup>. Cash awqāf, while loaning the money to the needy, asked for a 10 - 15 % extra profit independent from the principal amount in time of return. This situation, without doubt, raised some criticism and contradictions<sup>14</sup>.

In the Ottoman period, many investments belonging to the public were funded through cash awqāf. For example, by the revenues of cash awqāf salaries of officials working in foundations, educational institutions and religious services were paid, various necessities of these institutions were met, avarız tax of the district was paid, scholarships were given to students and social relief services were realized<sup>15</sup>. Some classifications were used for the repayment ability of borrower or for the form of repayment for providing the financial

<sup>13</sup> Murat Çizakça, Risk Sermayesi Özel Finans Kurumları ve Para Vakıfları, İslami İlimler Araştırma Vakfı Yayını, Tartışmalı İlimi Toplantılar Dizisi, İlim Neşriyat, 1993, İstanbul, p. 67.

<sup>14</sup> Cantürk Kayahan ve İrfan Görkaş, Osmanlı Dönemi Bölgesel Kalkınmanın Finansman Aracı Olarak Para Vakıflarının Kullanımı, Journal of Muhasebe ve Finansman, Issue: 44, October-2009, p. 214-215.

<sup>15</sup> H. Hüsnü Koyunoğlu Para Vakıfları: Muhasebe Defterlerine Göre 17. Yüzyıl İstanbul Uygulaması, Journal of Din Bilimleri Akademik Araştırma, VIII., Issue: 1, 2008, p. 254.

resource. In this scope, Çizakça talks about 3 main classifications for fund usage systems in cash awqâf<sup>16</sup>. We can specify them as:

1. Mudaraba
2. Bidâa
3. Murabaha

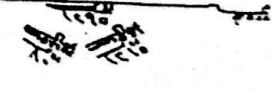
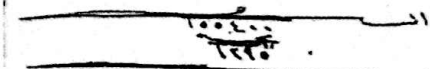
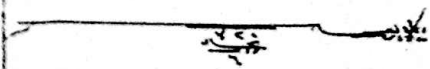
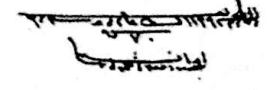
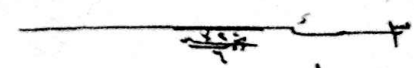
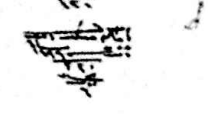
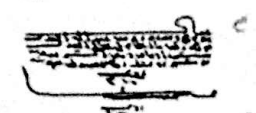
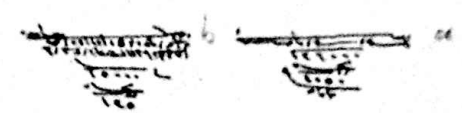
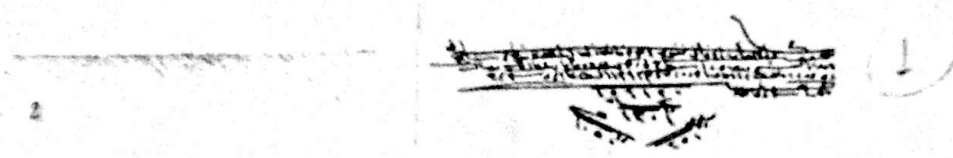
But we should mention that we are not going to explain these methods due to the subject of our study. We will be contented with giving introductory and brief explanatory information about cash awqâf.

#### **4. Case Study: Kadizade Mehmed Effendi Cash Waqf**

Two sheets from the original case study and its transcription are given below.

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<sup>16</sup> Çizakça, *ibid.*, p. 70.



EV.HMH.d 02984



Handwritten Ottoman Turkish text in a grid format, likely a list or inventory. The text is arranged in approximately 5 rows and 4 columns. There are some markings and a small circular stamp to the right of the text.

VAKIFLAR GENEL MÜDÜRLÜĞÜ / OSMANLI ARŞİVİ | EV.HMH.d 02984

02984 | 4 | 1139.M.1 | 1139.Z.29

sentim

sentim *cazüm*



Ev.HMH. 2984 Kadızade Mehmed Effendi Waqf

(3) Miscellaneous expenditure

Akçe  
720  
Account in Gurûsh  
6

a- Payment for other  
items from waqf accounting

Akçe  
320

b- Paid for accounting of  
Haremeyn Mukataa  
Akçe  
400

(4) Remainder

Akçe  
155,400  
Account in Gurûsh  
1,295

(5) Debit on individuals from this amount

Gurûsh  
1,295

With interest  
Gurush  
1,215

Without interest  
Gurush  
80

(6) Waqf's money at interest  
Gurûsh

1,215

To Rabia Hatun corresponding with immovables Gurûsh 240	To Hacı Mehmed through surety Gurûsh 100	To Mehmed Çelebi Corresponding with immovables Gurûsh 50	To Keşanlı Mustafa Çelebi through surety Gurûsh 70
To Mirza Paşazade Bey through surety Gurûsh 100	To Ahmed Çelebi through surety Gurûsh 50	To Meryem Hatun on pawn Gurûsh 20	To Fatma Hatun on pawn Gurûsh 60
Der zimmet_____i	Der zimmet_____i	Der zimmet_____i	Der zimmet_____i
To Ahmed Çelebi On pawn Gurûsh 10	To Osman Efendi through surety Gurûsh 20	To Mahmud Çelebi on pawn Gurûsh 13	To Rûmi zimmîde through surety Gurûsh 5

(1) Income and expense accounting of Haremeyn mukataa officer Kadızade Mehmet Effendi Cash Waqf in Istanbul belonging to the period of 1139 Hegira (AD 29.8.1726-19.8.1727)

Capital in the year  
156,120 Akçe

Account in Gurûsh  
1,301

Collected  
251

Remaining Gurûsh  
1,050

a- Remainder from the previous year

Akçe  
126,000

Account in Gurûsh  
1,050

Total

b- Tenner (10) from 11,5  
account 15,000 Akçe from the  
1139 H (AD 29.8.1726-19.8.1727)

interest revenue

Annually  
15,000 Akçe  
Account in Gurûsh  
125

c- Amount on Hocazade Abdullah Effendi who promised to pay 10 gurûsh to the waqf every month without applying interest due to the written decision of Awqâf inspector Mehmed Salih Effendi.

Gurûsh  
200

Collected  
From this

Gurûsh  
120

d- Rent income from the waqf farm  
belonging to H 1139

Akçe  
720  
Account in Gurûsh  
6

(2) Subtraction from this

Akçe  
720  
Account in Gurûsh  
6

a- Payment to the officials in H 1139

Days 70

b- Unpaid due to the conditions of waqf

To Yakup Beşe through surety Gurûsh	To Mustafa Efendi through surety Gurûsh	To Zâhide Hatun on pawn Gurûsh	To İbrahim Çelebi through surety Gurûsh
10	17	20	5
Balance on hand To Mehmed Çelebi through surety Gurûsh	To Hacı Mehmed on pawn Gurûsh	To Mehmed Çelebi corresponding immovables Gurûsh	Gurûsh 245
20	5	200	24

(7) From the cash of waqf without interest

Left in debt of Hocasade Seyyid Abdullah Efendi  
Without payment  
Gurûsh  
80

### 5. General Evaluation and Conclusion

Pacioli, as a Italian mathematician and pastor, discussed the double-entry accounting system and presented the theory and application of this system in his book "Suma de Arithmetica, Geometrica, Proportioni et Proportionalita" published in Venice in 1495. Thus, Pacioli is recognized as a founder of the double-entry accounting system and also modern accounting entry systems.

However, Pacioli had illustrated and given information about an accounting system and procedure used in Venice for two hundred years in his study. Also, it is thought that Angelo Senizio (1450), another Italian pastor, had some work about the double-entry accounting system before Pacioli and was one of the authors of the double-entry accounting system which is accepted as the modern accounting system of today<sup>17</sup>. But, it is thought that Pacioli was the founder of the double-entry accounting system since he handled the subject as a whole and gave more detailed information in his work.

In this study, the Stairs Accounting System has been presented with a sample account record. The aim of this is to illustrate that the accounting system known as double-entry which is dated back to the 15th century was actually known about and in use before that period. The studies made clearly show that there were accounting teaching books written in the 14th century<sup>18</sup>. When these books are inspected, it can be seen that the Stairs Accounting System has a history of 1,100 years and this falls to the time of the Abbasids State. But the teaching books about the Stairs Accounting System are encountered in the time of the Ilkhans State in the 14th century.

With this study, the aim is to open this thesis in the literature of accounting history into discussion among independent scholars and pave the way for inspection of every kind of document and claim related to this topic under the light of objective criteria.

<sup>17</sup> Mazhar Hiçşmaz, Muzaaf Muhasebe Usulünün Kurucusu: Luca Paciolo Eseri ve Tesirleri, Ankara: Ankara University Faculty of Political Sciences, 1958, p. 10.

<sup>18</sup> For this topic, the study supported by TUBITAK and named "Accounting Method Used By Ottomans For 500 Years: Stairs Method" by researchers Prof.Dr. Oktay GÜVEMLİ, Assoc. Prof.Dr. Mehmet ERKAN, Assoc. Prof.Dr. Oğuzhan AYDEMİR, Dr. Mustafa OĞUZ and Assist.Prof.Dr. Uğur ÖZCAN under the supervision of Assoc. Prof.Dr. Cemal ELİTAŞ can be consulted. The book published in the scope of the project is available for researchers as of May-2008.



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