



AWQAF



Refereed Biannual Journal Specialized in Waqf & Charitable Activities

No 46 -24th Year, Dhul-Hijjah 1445/ June 2024

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- * **What Does Endowment Add to The Banking Business?**

Articles in English

- * **Recreational Endowment: New Model of Innovative Educational Endowments**
(Dr. Abdallah Bin Naser Al-Sadhan
Translated by: Prof. Ali Jubran Saleh).
- * **The Accounting System in Endowment Institutions in the Kingdom of Saudi Arabia: An Exploratory Study**
(Dr. Sultan Bin Ayed Al-Buqmi - Ms. Alia Bint Muhammad Hassan
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- * **Books endowment and lending them in the land of the Two Holy Mosques during the era of the Mamluk sultans (698 - 923 H/ 1250 - 1517 AD)**
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Book Review

- * **The Endowment Foundation in The Balkan Field**
(Author: Group of Authors – Presented: Prof. Muhammed Al-Arnaout).



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Abu Hurairah (may Allah be pleased with him) reported, The Messenger of Allah (peace be upon him) said: "When a man dies, his deeds come to an end except for three things: Sadaqah Jariyah (ongoing charity); a knowledge which is beneficial, or a virtuous descendant who prays for him (for the deceased)."

[Narrated by Muslim]



Project of AWQAF journal

AWQAF Project is based on a conviction that Waqf — as a concept and an experience — has a great developmental potential which entitles it to contribute effectively to the Muslim communities and cope with the challenges which confront the Muslim nation. The history of Islamic world countries also reflects on Waqf rich experience in devising a societal involvement which encompasses almost all diverse walks of life and helps primarily in developing solutions for emerging human difficulties. During the decline of the Muslim nation, Waqf provided shelter and support for a significant share of the innovations that Islamic civilization was famed for and secured their passing from one generation to another.

Nowadays, the Islamic world is witnessing a governmental and popular orientation towards mobilizing its material competencies and investing its genuine perceptions that culture makers' cherish in a spirit of scholarly innovation to arrive at fully comprehensive developmental models deeply rooted into the values of righteousness, virtue and justice.

Based on this conviction, AWQAF Journal embarks upon achieving a mission that would enable Waqf to assume the real and befitting standing in the Arab and Islamic field of thought. It therefore seeks to emphasize Waqf as a discipline those remotely or greatly interested in Waqf to uphold a scientific trend towards developing Waqf literature and link it to comprehensive social development considerations.

Since the basic concept of waqf is related to volunteering, such a requirement cannot prosper unless Awqaf Journal becomes concerned with the social work which is directly related to community issues, social work, volunteering and other relevant issues which, when combined together, accept that reaction between the state and the society and the balanced partnership in making the future of the society and the role of the NGOs in this effort.

AWQAF Journal Objectives

- Reviving the culture of Waqf through familiarizing the reader with its history, developmental role, jurisprudence, and achievements which Islamic civilization grew into until recent times.
- Intensifying the discussions on the scientific potentials of Waqf in modern societies through emphasis on its modern structures.
- Investing in current Waqf projects and transforming them into an intellectual and culture-based product for deliberation among specialists. This is hopefully expected to induce interaction among researchers and establish a linkage between theory and practice of the tradition of Waqf.
- Promoting reliance on the civilizational repertoire in terms of social potential resulting from a deeply rooted and inherent tendency towards charitable deeds at the individuals and nation's behavior levels.
- Strengthening ties between the Waqf school of thought, voluntary work and NGOs.
- Linking Waqf to other areas of social activities within an integrated framework to create a well-balanced society.
- Enriching the Arab library on this newly emerging topic, i.e. Waqf and Charitable Activities.

An Invitation to All Researchers and interested People

AWQAF Journal would naturally aspire to accommodate all the topics that have a direct or indirect relationship to Waqf such as charitable activities, voluntary works, community and development organizations, and reaches out to researchers and those interested in general in interacting with it; in order to meet the challenges that obstruct the march of our societies and peoples.

The journal is pleased to invite writers and researchers to contribute in one of the three languages (Arabic, English and French) to the material related to the objectives of the journal and Waqf horizons in the different sections such as studies, book reviews, academic dissertations abstracts and coverage of seminars and deliberations the ideas published on.

Materials intended for publication in AWQAF Journal should observe the following:

- The material should not have been published in any journal (electronic or printed)
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- The Journal receives coverages of seminars and conferences, provided that a report should mention the organizing body, the subject of the seminar, place and date of the seminar, the major axes, survey of the researches submitted with their main ideas. There should be a stress on the recommendations of the seminar, together with indicating the activities conducted on the sidelines of the seminar (if any).
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- Material appearing in the Journal expresses the attitude of its author and does necessarily reflect the attitude of the Journal.
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Editorial



What Does Endowment Add to The Banking Business

Notes on The Idea of the “Endowment Bank”

A few years ago, there was a lot of talk about the “Waqf Bank” and even some relevant literature even addresses this title as if it were an achievement and the project is being promoted. Although it is attractive in terms of linking the Waqf and banking, but it is still embryonic in practice and needs more than repetition and marketing. In the course of discussing this idea, it is important to note the following observations:

The First Observation: About the Features of The Endowment

We can say: The features of the endowment in Islamic societies were formed through a creative trilogy represented by an idea, experience, and formula.

- The idea of the endowment is to develop the principle of charity so that it becomes continuous over time, so that part of the national wealth continues to be given even after the death of its owners to serve future generations.

- The endowment is a legal and administrative formula that was able to reproduce ongoing charity in an institutional template that adopts standards of efficiency and defines rights and duties, which provided a unique type of socio-economic institutions that have an organic relationship to the mobility of societies and their real needs at the individual and collective levels.

- The endowment is also a practical experience that extended over fifteen centuries, during which the performance of endowment institutions varied to touch all social needs. It is not a strange coincidence that we find in the records of this experience what is directly related to the issue of endowment banks through the phenomenon of money endowments,” the details of which are ignored. It clearly records the prohibition of stopping at least part of banking transactions.

The Second Observation: The Experience of Islamic Banks.

Among the critical ideas directed at the Islamic economy and the banking sector is that it does not practically change much of the interest in development and humanitarian issues, despite the bright headlines and ambitious slogans. In this context, it is important to borrow part of Dr. Muhammad Yunus - founder of the Bank for the Poor and winner of the Nobel Prize in Economics in 2006 - when speaking during the World Summit on Islamic Economics, which was held in October 2015 in the Emirate of Dubai in the United Arab Emirates, where he said: “Although Islamic financial institutions always claim that they work from Through an ethical framework that brings it closer to the spirit of Islam compared to other traditional institutions, it has lost its spirit in the midst of intense competition with its traditional counterpart.

The experience of Islamic banks, with their advantages and disadvantages, confirms that we are still in dire need of new and diverse types of financial institutions that focus on the economic and social dimensions, and there is no doubt that the endowment can represent a large and creative area of movement in this direction.

The Third Observation: It raises the following question: What are the options available for including the endowment within the mechanisms of financial institutions? The answer is two options, no third:

- The first option: Copying the experience of Islamic banks while including “Waqf” in the name as a marketing brand: We believe that this option is a waste of time and effort, but rather a kind of corrupt marketing of the Waqf and inserting it into a sector that faces many challenges and

needs more than the Waqf to address them. That is why the name of the Waqf Bank, “neither to the Waqf nor to the Islamic banks, will add anything of value, except bringing some monetary resources under an emotional or commercial motive to increase the financial assets of Islamic banks beyond their current solvency threshold estimated at two trillion US dollars. This is a practical, material goal that may be legitimate for stakeholders.” In these banks, the idea of the “endowment bank” will not add anything significant and may even bring with its unnecessary challenges.

- The second option (which is the most correct, according to our humble estimate): embarking on launching an experiment with the quality of a new generation of banking institutions that adopt the endowment philosophy, experience, and formulas to produce financial institutions with a participatory nature and social goals par excellence. The title does not matter here as much as the tasks, efficiency, and connection to the real needs of Muslims wherever they are.

It is necessary here to point out that this second option is not intended to reduce the idea to forming a financial portfolio - no matter how high its ceiling - that takes care of developing endowment resources and directing them to some social banks. Rather, we are talking about a financial institution that adopts the usual banking work mechanisms while re-adapting them. Within the framework of the intellectual and administrative structure of the position and directing its work and relations with depositors and investors or the needs of individuals and communities within a sustainable development participatory vision. Since we are not in the process of inventing the wheel today, the three zero-sum goals proposed by Muhammad Yunus and others can represent the framework through which this banking experiment moves throughout the geography of the Islamic world: (a) combating poverty, (b) combating unemployment, (c) preserving the environment.

Final Observation: There is no doubt that the “Waqf Bank” is an ambitious project that tickles the feelings of many, but it requires more than emotions and financing because it requires a lot of hard work, organized mental effort, and thinking outside the box.

Just as a reminder, scientific contributions to our cultural experience and to the expert societies lecturing on the global scene today do not come about through the efforts of isolated individuals, no matter how intelligent they are, but through scientific groups within institutions, most notably universities and research centers that work according to a strict scientific approach to root ideas, crystallize them, and transform them into community products, while constantly monitoring its achievements and evaluating its progress.

One of the most prominent features of the cultural backwardness that we experience as Muslims is that we are still out of competition in the field of education and scientific research. We will not add anything new if we say that without a scientific and educational renaissance, we will not be able to transform all the beautiful ideas and other cultural experiences that we possess, including the idea of the endowment bank, into practical institutional patterns that defend themselves with the strength of argument, planning, and clarity of vision.

In this context, you believe that it is difficult to establish a financial institution that succeeds in linking banking work to the essence of the endowment formulas without the presence of educational and research institutions in which the endowment is a partner in its achievement and that is a real, scientific and objective support for the rationalization of experience and corrects its course. These are issues that are in fact related to anticipating the priorities of the endowment's work and monitoring relationships. Between various projects, and careful planning of initiatives, because the most dangerous thing for the "Waqf Bank" is that "easy-to-prohibit" models appear that carry the name and lack the essence.

The forty-sixth issue of Awqaf Journal includes several research that combine jurisprudential, historical, and contemporary issues related to the endowment experience.

In the research entitled “Endowment and Lending of Books in the Land of the Two Holy Mosques during the Era of the Mamluk Sultans,” Dr. reviews. Rida Al-Saeed Ibrahim, the beginning of endowment of books and libraries throughout the Islamic world, the goal behind endowment of books, and the ruling on endowment of them, with a focus on the impact of scholars in Mecca and Medina in endowment of books to students of knowledge during the era of the Mamluk sultans, and the impact of this approach on the prosperity of the scientific movement and its development. Islamic culture for students of knowledge in the land of the Two Holy Mosques in the Mamluk era. The researcher points out the importance of activating the role of businessmen at the present time in the efforts of endowment for scientific institutions and libraries, in a way that serves scientific research in the Islamic world.

As for the research entitled “Inference of Interest and Its Impact on Changing the Endowment’s Disbursement,” Dr. Ibrahim Al-Zaghoul discusses the concept of inferring interest and explaining its effect in the rulings related to changing the endowment’s disbursement, by clarifying the existing relationship between this concept and the reality of the endowment towards explaining the impact of the inference of interest approach in a ruling. Issues related to changing the endowment bank, and understanding the reasons why jurists adopt the method of reasoning based on interest to derive their rulings and give weight to their statements when considering changing the endowment bank.

As for the research titled “The Effect of Endowment Management on Violation of the Endowment by Exchange or Sale: Examples from the Mamluk Era considering the Book “Admonitions and Consideration by Al-Maqrizi,” in which Dr. Muhammad Ahmad Malka raises the issue of infringement on the Endowment by exchange or sale during the Mamluk Era through one of the most important sources for studying the history of This era: The book of sermons and consideration, mentioning plans and effects, met the religion of Al-Mafrizi, and the research focused on the

types of endowments in this period, indicating the forms of violation of them, while highlighting the role of the judiciary and statesmen with sick consciences in seizing endowments, their assets, and their revenues.

In the English section, a translation of two poems by Dr. Abdullah Nasser Al-Sadhan Promotional Endowment: A new model of endowments: innovative educational, in which he discusses the idea of working to renew endowment banks and inventing new forms of endowments that invest in people and respond to modern educational curricula that use means of delivering scientific information in a simplified and endearing manner to students that the learner will accept. The efficiencies of the educational process are achieved, and the researcher points out that despite the strong historical relationship between the endowment and education, current indicators indicate the endowment's focus on social and relief affairs and its weak adoption of educational projects. The researcher stated that confronting this imbalance requires rearranging priorities for the endowments and understanding the changing role of the welfare state. Finally, working to develop endowment institutions so that they are renewed in accordance with the humanitarian needs and challenges facing Muslim societies.

As for Dr. Sultan bin Ayed Al-Baqami and Professor Alia bint Muhammad Hassan, they discuss the issue of the interest of endowment establishments in applying accounting practices and systems, and the challenges that these establishments face in applying relevant systems and practices, and the compilation of the research entitled "The Accounting System in Endowment Establishments in the Kingdom of Saudi Arabia: An Exploratory Study" between the approach. Descriptive status of the ceremony and the basics adopted by the Diamond Thought on the one hand, and field analysis through the use of a sample of the main parties to the accounting system and endowment institutions in the Kingdom of Saudi Arabia on the other hand. The researchers conclude that it is necessary to benefit from the international accounting standards applied in business institutions; To improve the accounting system in endowment establishments, considering the nature of this sector, and developing a comprehensive accounting standard for the establishment to ensure

transparency, accountability, control, and adherence to accounting standards.

Dr. Muhammad Arnaut reviews a book entitled “The Endowment Foundation in The Balkan Field”, by a group of authors, is according to the researcher “a reference book about a region rich in endowments”. This is for many reasons, perhaps the most important in which is the relationship between the Balkan Peninsula, which hosted the capital of the Ottoman Empire (Edirne), and the advanced Ottoman Institution, most notably the endowments, over five centuries.

The book contains the Proceedings of the symposium held in 2018 in which researchers from Albania, Bosnia, Turkey, Macedonia and Kosovo participated and its twenty papers were published in Albanian in 2021. The most important of topics focused on the following issues:

- The historical dimension, which deals with the characterization of models of Endowments and the most important manifestations of the endowment in the Balkans, the roles of these institutions in the emergence of new cities and the effects of all this on the urbanization movement.

- The role of Endowments in the spread of Islam in the Balkans due to the absence of an official body responsible for spreading Islam in open Christian areas such as the Balkan countries, and this is what Dr. Dogan Yuruk attributed the spread of Islam in these countries to two main factors: the population and the endowments, and the resulting close relationship between the endowments and the spread of Islamic education and culture in the Albanian regions.

- Encroachments on endowments that affected all Balkan cities even before the communist regimes that ruled the Balkan regions with the establishment of the Soviet Union. Ismail Bardhi’s paper “The Endowments in Macedonia Between Destruction and Oblivion” provides a model for the appropriation of the Waqf objects. On the other hand, part of the book’s other research shows examples of contemporary attempts, especially since the fall of the Soviet Union, through which Balkan Muslims seek to restore some of what was taken from their historical endowments.

Despite the great importance of the symposium documented by this research and thus filling a large gap in the contemporary endowment literature of the Balkan countries, according to Dr. Arnaut - it would have been more comprehensive with other posts better covering Bosnia, Serbia, Bulgaria and Greece.

The editorial family.

Articles



Recreational Endowment

New Model of Innovative Educational Endowments

Dr. Abdallah Bin Naser Al-Sadhan*

Translated by

Prof. Ali Jubran Saleh

In the name of Allah, the Most Gracious, the Most Merciful

Preamble

Praise be to Allah, and pray and peace be upon the Messenger of Allah

The observatory of the journey of the Islamic civilization admires the prominent role of endowments in shaping this civilization. The endowment, in all its aspects and expenditures, covered all aspects of life for people. While the inception of endowments primarily focused on the religious aspect, such as mosques and others, the influence of endowments extended to encompass all aspects of life, contributing positively to the major domains of individual, family, and societal needs in various forms: economic, social, psychological, educational, and developmental, ultimately achieving individual well-being.

This research addresses the expenditures of the endowment in its civilizational dimension to achieve the purposes of Shariah in honoring and raising human beings through the five necessities: preserving religion, life, intellect, progeny, and wealth. The general purpose of legislation is to preserve the system of the nation and sustain its well-being through the well-being of the authority overseeing it, which is a type of humanity, and its well-being includes the soundness of his intellect and the righteousness of his actions with regard to the possessions of the world in which he lives. ⁽¹⁾

(1)" Towards the activation of the purposes of Sharia, Jamal al-Din Attia, Dar al-Fikr, Damascus, 2003, p. 96."

Hence arises the need to propose new morphological outlets for endowments in the field of educational endowments. This endowment morphological institution is considered one of the oldest morphological institutions in the history of the Muslim community. It holds the second position in the field of morphological institutions, following the endowments of the Two Holy Mosques and Al-Aqsa Mosque, and mosques in general.

The passage discusses the field of knowledge and learning within the framework of the science of *Maqasid* (objectives) in Islamic jurisprudence. Some proponents of *Maqasid* argue that one of the objectives of Islamic law is the promotion of knowledge. To realize this objective, the obligation of seeking knowledge is considered a duty, and the merit of scholars is emphasized. Learning, in general, is discussed with variations between individual obligation (*fard al-ayn*) and communal obligation (*fard al-kifayah*). Some sciences are categorized as necessities, while others fall under the categories of needs or enhancements ⁽¹⁾

Therefore, scientific endowments stem from the objectives of Sharia to preserve the mind and soul. Therefore, it is not surprising that educational endowment institutions have played a prominent role in the history of the Muslim community. They are not new to the system of endowment institutions. However, what is new here is the focus on one of the contemporary educational methods necessitated by the rapid advancements in scientific discoveries and new inventions. It is an effective tool in education that started relatively early in the industrially and scientifically advanced world, expanded within it, and is now needed by the Islamic world to catch up with the scientific progress and cultural renaissance. The idea behind it is that an endowment institution facilitates access to scientific information in a simplified and appealing manner for students. It is referred to as 'educational recreation,' a synonym for an educational path gaining increasing attention among education scholars. This path, often known as 'entertainment education,' aims to present scientific knowledge in an engaging way through an entertaining or enjoyable method, a concept increasingly valued in the field of education. In essence, it involves delivering knowledge to learners through a method that is largely acceptable and enjoyable to the individual.

In our present era, recreation or entertainment has become an integral part of an individual's life. The concept of recreation here is broad and sophisticated, encompassing various aspects: social, educational, cultural, sports, tourism, and environmental. All these types may either be relatively new in their prevalence within our societies or might have encountered some negative perceptions for various reasons. On one hand, the subject requires clarification and a clear understanding of the concept of recreational endowment. Therefore, several

(1)" Towards the activation of the purposes of Sharia, Jamal al-Din Attia, p. 162."

aspects will be addressed in this research, along with the need for financial resources that are sustainable and renewable for this project of recreational endowment.

From this perspective, endowment emerges as a giving and investing institution in humanity, presenting a new model in the path of endowment grants. It emphasizes that endowment carries the seed of renewal, sustainability, and dynamism, guided by the compass of human needs. Simultaneously, it asserts that endowment responds to these needs in the easiest and most efficient way, following an integrated system to achieve satisfaction on social, psychological, educational, and individual levels. It proposes a practical model for this new approach within the paths of contemporary endowment institutions, specifically within educational endowments.

This proposed morphology institution can be considered part of the renewal system in endowment institutions, dealing with them according to an innovative perspective in line with a new term emerging in the scientific endowment arena, which is 'innovative endowment.' In preparing this research, the descriptive method was adopted, presenting scientific material as it is in reality. It serves as a scientific guide, pointing to issues, topics, terms, or scientific problems, describing them in a systematic way. The descriptive method is based on surveying scientific materials that address specific issues or topics, presenting them in an organized manner methodologically. The evolution of morphological institutions was generally traced, highlighting the need for development in these institutions. This is done with a proactive outlook aligned with the scientific reality required for the nation's advancement through endowments that society needs based on its priorities. ⁽¹⁾

The research shall be in accordance with the following paragraphs:

Chapter One: Introduction to Define Some Research Terms Such as: Endowment, Recreation, and Defining the Term 'Recreational Endowment'.

Chapter Two: Qualitative Evolution of Endowments and Their Institutions.

Chapter Three: Educational Recreation (Edutainment).

Chapter Four: The Reality of Recreational Endowment

Chapter Five: Practical Steps to Activate the Endowment.

(1)"The Research In Legitimate Sciences, Farid Al-Ansari, Al-Furqan Publications, Casablanca, 1416 AH, p. 66."

CHAPTER 1

Introduction to Define Some Research Terms

Introduction to the Research will briefly touch upon key terms, namely 'Endowment' and 'Recreation', with a concise overview. Due to the limited space allotted for this research, a more in-depth exploration of these terms is reserved for another dedicated study. Following this, an attempt will be made to clarify the term 'Recreation' due to its varying interpretations in the minds of many. The goal is to establish a common ground for understanding the subject from both a jurisprudential and cultural perspective.

Subsequently, the focus will shift to the topic of 'Recreational Education', serving as the fundamental gateway to the research subject. This comprehensive approach aims to create a shared understanding of the topic, encompassing its legal and cultural dimensions. The discussion will delve into the intricate layers of 'Recreation,' aiming to set the stage for a nuanced exploration within the limited scope of this research.

1. Endowment:

Etymologically, *Al- Waqef* in the Arabic language conveys the notions of restraint and prohibition.⁽¹⁾ In the clearest definition provided by jurists, and in a succinct phrase closest to the intended religious meaning, they express: The endowment is the confinement of the principal and the release of its yield. 'Endowment is the confinement of the principal and the release of its yield'⁽²⁾. This encapsulates the essence of endowment, signifying the act of preserving the original capital while allowing the benefits or profits generated from it to be utilized for designated purposes. "Islam's endowment is the Foundationally, the legitimacy of endowments in Islam is established in the pure Sunnah and the consensus of scholars as a whole. The majority of early scholars unanimously agreed on the permissibility and validity of endowments, rooted in the encouragement to perform good deeds, acts of charity, and benevolence, which aligns with the objectives of endowments. This is evident in Allah's statement "You will never attain righteousness until you spend from that which you love. And whatever you spend - indeed, Allah is Knowing of it." (Surah Al-Imran 3:92). Additionally, numerous textual and practical narrations from the Prophet Muhammad (PBUH) affirm the legitimacy of endowments in Islamic jurisprudence.

(1)"Lisan Al-Arab, Ibn Manthour, Dar Sader, Beirut, undated, C9, p.359."

(2)"Al-Mughni" by Ibn Qudamah, Editors: Abdullah bin Abdul Mohsin Al-Turki and Abdul Fattah Muhammad Al-Hilwi, Dar Alam Al-Kutub, Riyadh, 1417 AH , Eighth, 184"

The material pillars of endowment are the presence of a benefactor, dedicated funds, and a specified purpose for which the endowment is established. The legal corner is the contract and the positive content of the endowment only in one of its accepted legal forms, whether explicit or implicit, provided it is accompanied by evidence that conveys its meaning. Endowments are divided into three categories:"

- a) Family endowment: This is what is designated for children, grandchildren, descendants, and relatives, and for those who come after them among the poor. This is known as family or hereditary endowment.
- b) Charitable endowment, or public endowment, is what the benefactor intends for the proceeds of the endowment to be allocated to charitable purposes that are continuous. This could be specific, such as aiding the poor and needy, or general charitable purposes like supporting mosques, schools, hospitals, libraries, and etc.
- c) Shared endowment: It is a blend of two types and may begin as a family endowment and eventually transform into a charitable endowment after a period of discontinuation of beneficiaries from the benefactor's descendants. All of this is contingent upon the conditions set by the benefactor."

The endowment achieves several goals, which can be summarized into two main objectives, one general and the other specific. The general objective is that Islamic law obliges Muslims to collaborate, unite, show compassion, and support each other. Undoubtedly, one of the most significant aspects testing a Muslim in this regard is the aspect of spending in the path of Allah, in service to the community, and fulfilling the duty of cooperation and unity among them. The avenues of expenditure in Islam are numerous and diverse, with one of the most important being the establishment of a perpetual, beneficial source and the utilization of this benefit. This is what is meant by an endowment, as it distinguishes itself from other forms of charity by its characteristic of continuity. Moreover, it greatly aids in sustaining various charitable activities within the community, thereby fulfilling the intended purpose of the endowment.

In terms of a specific goal, endowment fulfills a personal desire within the benefactor, inherent in human nature. Humans are driven to perform acts of kindness for various reasons, all of which align with the objectives and goals of Sharia. One of the most significant motivations is the religious incentive, as individuals strive to work for the afterlife, making their actions a result of the

desire for reward.

Another instinctive motivation is the innate drive to hold on to one's possessions, take pride in them, and preserve what was left by their parents and ancestors. There is a fear of potential extravagance or misuse by future generations, and thus, the benefactor works to reconcile this instinct with the interest of their descendants by preserving the capital while allowing for its beneficial use, a concept embodied in the notion of endowment.

Lastly, there is the social motivation, which results from a sense of responsibility towards the community. This drives individuals to allocate a portion of their wealth towards sustaining social, educational, or healthcare facilities, contributing to the continuity of these societal institutions.⁽¹⁾

In the system of endowment, there are characteristics and features that may not be found in other charitable projects. These advantages have granted endowments a vitality that has persisted throughout centuries in the Islamic nation. Among these advantages is that Islam grants the benefactor complete freedom in how they wish to manage the funds they endow and the conditions that fulfill their desires and achieve their aspirations within the limits of Sharia, of course.

Additionally, the diversity in the forms of endowments has facilitated their management. They can be managed by the benefactor themselves, one of their descendants, or by an independent trustee. The diversity also extends to the types of benefactors. While many endowments are established by the wealthy, a significant number come from those of moderate means, whose endowments are made through their wills after death, representing the maximum limit of bequests for Muslims.

Endowments stand out for their diversity in economic content. Some endowments directly provide services, such as mosques, hospitals, orphanages, schools, and libraries. Others indirectly benefit the community through the proceeds that are directed towards various charitable causes. Finally, there is diversity in the types of assets that can be endowed, including agricultural and non-agricultural lands, buildings, and movable assets such as agricultural machinery, Qurans, and books. This diversity has led to the accumulation of a significant endowment fund over successive historical eras.

2. Recreation

The literal meaning of the word (*tarweeh*) revolves around spaciousness,

(1)"Waqf rulings in Islamic Sharia, Mohammad Obaid Al-Kubaisi, published by the Ministry of Islamic Affairs, Endowments, Dawah and Guidance, Riyadh, 2005, C1, p. 119."

joy, relieving fatigue, and bringing happiness to the soul. It refers to the state of relaxation and joy one experiences after a period of exertion or fatigue, allowing a person to recover and regain vitality.⁽¹⁾

Various specialists provide different definitions for recreation, and these definitions may vary depending on the perspective of the person offering them. One definition characterizes recreation as "a beneficial activity, voluntarily pursued during leisure time, motivated by personal satisfaction." Another perspective defines it as "an intentional, non-material-gaining activity, practiced in leisure time for the development of the individual physically, socially, and mentally." Additionally, recreation is described as "an enjoyable, voluntary activity for the individual, socially acceptable, practiced in leisure time, and contributing to the building and development of the individual."⁽²⁾ A more precise definition of the term "recreation" within the Islamic perspective can be stated as follows: "An intentional and enjoyable activity pursued voluntarily with personal motivation, utilizing various permissible means and forms, and commonly practiced during leisure time in accordance with Islamic principles."⁽³⁾

Many experts have attempted to uncover the reasons behind engaging in recreation, resulting in various theories. One of these theories, which directly relates to the research, is the "Preparation for Life Theory" or the "Instinct Theory." This theory suggests that recreation is a means of preparing children for life as they age. The play and activities that young children engage in are seen as preparation for the challenges they will face in adulthood. While it might be mere play for children, it becomes a reality for adults. This theory is one of the perspectives that explains the motivations behind recreation and play.

3. The Legitimacy, significance, and Guidelines of Recreation:

The Prophet Muhammad (PBUH) emphasized the importance of giving oneself its due rest and relaxation. It is narrated in Sahih Bukhari that the Prophet (PBUH) said to Abdullah ibn Amr ibn al-As (may Allah be pleased with them) "O Abdullah, didn't I hear that you fast during the day and pray at night?" Abdullah replied, "Yes, O Messenger of Allah." The Prophet (PBUH) said, "Don't do that. Fast and break your fast, stand in prayer and sleep. Indeed, your body has rights over you, your eyes have rights over you, and your wife has rights over you."⁽⁴⁾ In this context, the text aims to realize several objectives of Sharia from an individual perspective. It involves the preservation of religion and intellect.

(1)"Lisan AL - Arab, Ibn Manthor, C2, p. 455."

(2)"Leisure and Recreation Times, Gifts of Speech, Dar Al Maaref, Cairo, undated, p. 30."

(3)"Educational recreation: An Islamic vision, Khalid bin Fahd al-Aoudah, Dar al-Muslim, Riyadh, 1993, p. 18."

(4)" Sahih Al-Bukhari, Muhammad bin Ismail Al-Bukhari, Darussalam, Riyadh, 1421 AH, Hadith No. 1975)."

When dealing with individuals from the standpoint of achieving Sharia objectives while preserving the intellect, the scope should extend beyond mere material preservation. This includes safeguarding against harm, such as damage caused by drugs or intoxicants. The broader concept encompasses the acquisition of knowledge and skills essential for contributing to the development of society, embracing a comprehensive understanding of universal development. ⁽¹⁾

Therefore, recreation in Islam is not only permissible but also required, as long as it is within the framework of the sound and disciplined Sharia, bound by the limits set by Sharia that do not violate it - meaning, recreation should not exceed its natural size in the list of human psychological needs. Islam is the religion of nature and does not envisage any clash with human nature or instincts in their normal state. This is evident in the lives of the companions of the Prophet Muhammad (PBUH), who granted themselves their rights to rest and recreation in their everyday lives. In the authentic narrations, it is recorded that they engaged in various recreational activities "The companions of the Prophet Muhammad (PBUH) used to share watermelons, and when the facts were presented, they were the true men."⁽²⁾ It has been mentioned as evidence of Islam's consideration for the right of the self to relaxation and providing it with its due share of permissible recreation, as long as those recreational practices are within the legal framework, in addition to being within socially acceptable boundaries.

However, with the passage of time, the succession of generations, and the interaction of Muslims with the surrounding civilizations, the term 'recreation' has acquired various connotations that diverted it from its fundamental essence and its original premise as a field for the holistic development of an individual, encompassing physical, social, mental, and scientific aspects. The concept of recreation now suffers from the ambiguity of its true meaning, as established by Islam, and the path followed by the Prophet, peace be upon him, and his noble companions."⁽³⁾ This is due to the focus on some recreational practices with a specific orientation, particularly the sports and artistic aspects, and the inclusion of some Sharia violations. Many have overlooked the fact that recreation encompasses a broader and more extensive scope beyond these two dimensions, which have become predominant in our present time. Through an observation of

(1)"Towards the activation of the purposes of Sharia, Jamal al-Din Attia, p. 144."

(2)" Monolithic Literature, Mohammed bin Ismail al-Bukhari, Commentary: Mohammed Nasser al-Din al-Al-bani, Dar al-Siddiq, Jubail, 2000, p. 99, Ibn Manthor said: ""Dhah: I hit you with something that is as loose as it takes Watermelon and praise it for us. They said: "Tram them with watermelon." See: The Arabs' tongue, Ibn Manthor, C2, p. 407."

(3)" Entertainment and recreation in the lives of Muslim youth: Concept and Application, Saleh bin Ali Abu Arad, Author Publisher, 2008, p. 28."

the recreational landscape in our Arab and Islamic world, it becomes evident that recreation has been predominantly confined to the artistic and sports domains. This misconceived perception reduces recreation to mere pastime or a way to pass time for leisure and relaxation. This misconception, coupled with the restriction to specific areas, has led to a significant expansion in these two domains, as if there are no other alternatives. This has sometimes resulted in Sharia violations or deviations from social traditions, which are considered significant from a religious perspective.

This has increased the aversion of some towards the term 'recreation,' in addition to their disapproval or dissatisfaction with the activities performed under its umbrella. Consequently, specialists or those addressing the topic of recreation face two challenges. Firstly, the narrow conceptualization of recreation within very limited domains, and secondly, the lack of consideration for Sharia guidelines in engaging in recreational activities. It is well-known that recreation, like any social phenomenon, should be rooted in the environment in which it is practiced or should consider the values of the society in which the activity occurs, especially if the activity is imported from outside the community and its culture.

Each society, irrespective of its distinctiveness, possesses unique characteristics that set it apart from others. This distinctiveness does not necessarily imply superiority but rather the intention to differentiate one society from another. One of the most significant sources of this distinctiveness is the religion embraced by the community. Often, many customs, traditions, and practices are shaped based on the religious beliefs adhered to by that society. These elements form over an extended period to become an integral part of the community's identity and its unique fabric. Consequently, individuals within society engage in practicing, adopting, and defending these customs and traditions.

Thus, we cannot consider society in isolation from its distinctive characteristics when dealing with the social phenomena it abounds with. The often-rich social interactions are typically influenced by the community's beliefs and culture, playing a role in defining its uniqueness. There is a continuous and mutual interaction between the society's beliefs, cultural, social, and moral heritage, and the recreational activities practiced within the community. Recreational activities undertaken by members of the society during leisure time are a social phenomenon influenced, like other social phenomena, by the community's religious beliefs, culture, principles, ideas, customs, and traditions. The prevalent recreational activities in the society are usually rooted in or influenced by these factors.

This is what sociologists assert, as they view recreation as a human social phenomenon with physiological and psychological dimensions simultaneously.

If recreation does not draw its means from the environment in which it exists, it becomes incapable of contributing and achieving the goals that society seeks. By means, we refer to:

- Physical means such as resources available from the natural environment.
- "Non-physical means affected by the dimension: doctrinal, cultural, and intellectual nature of society."

When considering the needs of the self for recreation and the values of the society in which we plan our recreational programs, we take this into account when designing the facilities of programs and recreational activities, and considering the customs, values and norms prevailing in society, we guarantee full success of these programs and maximum effectiveness in the investment productivity of these programs and recreational activities. Without that, the matter would be nothing more than financial and human waste without achieving the minimum level of success.

The contemporary Muslim community faces a series of recreational forms and methods, which are divided into two parts: one of which is a delegation from outside its territory and in some of which is contrary to the values, customs, and traditions of the Muslim society. The other is: from within the community and printed with its values, traditions and customs. These forms and recreational methods increase day by day. This necessitates the development of general rules and specific controls on which those recreational activities are measured to determine whether they are suitable for society or not.

The first of these standards is legitimate governance. There are some recreational activities that stop the judgment so as to consider the manner in which individuals practice it, and the consequences of that practice. Moreover, private legal traditions in society should be considered when considering what suits society as recreational activities.

In order for recreation to achieve its full role in all aspects of the Muslim community, a number of legal and ethical controls must be taken into account, and they can be summarized in the following points: ⁽¹⁾

- Controls related to the same recreational activity by learning about the legitimate rule in which some recreational activities are forbidden in Islam at the beginning.
- Controls related to the recreational group, including ensuring the charity of the group and homogeneity among members of the

(1) Educational recreation, Khalid al-Aoudah, pp. 55–85."

- recreational group. Homogeneity here refers to age, cultural, social, tendency, etc. and non-mixed sexes. Moreover, what suits males mostly does not suit females, and vice versa.
- Controls related to recreational time, so that it is not in the time allocated to the rights of God or the rights of people, and not over exercising recreation. Moderation and mediation are a key feature of this religion.
 - Controls related to the place of recreation, including preserving the environment and not causing harm to the place or its facilities. Recreation is a common right. People who spoil people as much as they can entertain them have been abused, and residents or those passing through the place of recreation are not harassed.
 - General controls, including observance of public ethics and diversity in recreation, do not focus on one of the recreational aspects without the other, preventing over disbursement on recreational aspects and granting everyone their right to disbursement.

The responsibility for achieving these controls rests on several entities, including the responsibility of the individual himself. There are other controls that the family should take to achieve its educational role to refine the recreational process in the lives of its children. There are some controls that can only be carried out by the intervention of a higher authority, such as the provision of safe places for recreation, and the provision of appropriate recreational means for each age group and gender. In Overall, some general rules should be considered when planning recreational activities in Muslim society. These general rules and principles include:

- Recreation activities shall be permissible and shall not conflict with their general provisions.
- Recreational activities shall achieve the highest objectives of the Islamic nation.
- Such recreational activities shall be in the public interest of individuals and society. ⁽¹⁾

With these Generic foundations and rules that may serve as a Comprehensive framework revolving around recreational activities and entertainment programs that are planned and presented in society and its members, Additionally, we ensure the community's acceptance and embrace of these programs, fostering

(1)" Soft Recreation: A field research group on recreation and leisure among girls in Saudi Arabia, Abdullah bin Nasser Al-Sadhan, Dar Al-Intishar Al-Arabi, Beirut, 2012, p.84."

enthusiasm for them. This also contributes to changing the stereotypical image associated with the concept of recreation, dispelling any misconceptions that may have caused some to shy away from it.

CHAPTER 2

Qualitative Evolution of Endowments and Their Institutions.

When the Prophet Muhammad (peace be upon him) migrated to the city of Medina, before entering it, he established the *Quba* Mosque. This was the first endowment (*waqf*) in Islam. Subsequently, the Prophet (peace be upon him) built the Prophet's Mosque in Medina in the first year of the Hijra, signaling the establishment of the Islamic state architecturally. The practice of endowing mosques continued to evolve, becoming a fundamental aspect of social activities in Muslim communities wherever they exist.

The mosque in every city inhabited by Muslims is the central hub around which various activities revolve. In most Islamic cities in Egypt, the Levant, and Iraq at the present time, there are mosques with historical roots dating back to the era of the rightly guided caliphs. In the city of Basra, it all began with the first mosque of Basra, established during the time of Caliph Umar ibn al-Khattab (may Allah be pleased with him). He directed the esteemed companion Utbah ibn Ghazwan (may Allah be pleased with him) to establish Basra in the year 12 Hijri (633 CE), and the beginning was with the mosque. Similarly, in the city of *Kufa*, it started with its renowned mosque founded by Saad ibn Abi Waqqas in the year 17 Hijri (638 CE). Amr ibn al-As (may Allah be pleased with him) built the historic mosque of *Fustat* when he conquered it in the year 21 Hijri (641 CE). Additionally, the city of Kairouan was founded by Uqba ibn Nafi' in the year 45 Hijri (665 CE).⁽¹⁾

From this perspective, the mosque became the center and axis of the city, serving as the focal point for its development. It was followed by other endowment facilities such as schools, hospitals, inns, bathhouses, and markets. This approach was in line with the Prophet's method, followed by the rightly guided caliphs and many subsequent military leaders who conquered various inhabited regions. Therefore, scholars and historians consider the mosque as one of the most important, if not the primary, foundations in the planning of Islamic cities.⁽²⁾

(1) "Endowments and Society: The interrelationship between endowments and society, Abdullah bin Nasser Al-Sadhan, Sa'i Foundation for the Development of Endowments, Riyadh, 2018, p. 38."

(2) "Islamic architecture and environment: The tributaries that shaped Islamic architecture, Yahya Waziri, The Knowledge World Book, The National Council for Culture, Arts and Literature, Kuwait, Issue 304, 2004, p. 135."

Then, in the second place in terms of numerical abundance and qualitative significance, come schools and libraries, education, and the dissemination of knowledge. Schools and libraries have reached thousands across the Islamic world in terms of time and place, and they have had a clear impact on spreading knowledge and raising the level of education among Muslims. The vast majority of them were, if not all, *Waqf* (endowment), explicitly declaring the dedication of resources to what is known as "educational endowment."

The influx of students of knowledge from all over the world to the centers of Islamic civilization and the Islamic capitals led to the establishment of endowment hostels (*Khanat*) to accommodate them. Additionally, the preparation of roads, the establishment of water fountains (*Saqiyat*), and watering troughs along these roads for travelers and their animals were implemented. This was accompanied by the emergence of medical centers throughout the Islamic world. Moreover, the establishment of facilities and hostels for foreign students to accommodate them and create a suitable environment for seeking knowledge also led to the creation of endowments to financially support these students as deserving seekers of knowledge in the lands of immigration.

Then the *Waqf* sector expanded in response to the emergence of new social needs that necessitated the provision of permanent and stable financial resources through endowments. Scholars of *Waqf* in Islamic civilization appreciate the significant diversity in the uses of endowments, recognizing the real areas of need in society that endowments address. This evolved over time, adapting to the changing needs and notable diversity within society. This development can be easily traced by examining the trajectory of *Waqf* expenditures and its various forms throughout Islamic history.

The *Waqf* founders competed in finding purposes for the uses of *Waqf* that would serve those in need. This competition was not limited to human needs but extended to encompass the environment and animals as well. There were various forms of *Waqf* directly related to the needs of society, adapting to its circumstances and the cultural stage it was experiencing.

Despite the numerous types and forms of endowments, *Awqaf* can be classified into specific groups according to their returns to the following three categories, arranged according to their number:"

1. A religious, educational, or scientific *waqf*. It is intended to assign the job of religious institutions, such as endowments to the Two Holy Mosques and mosques in general, or scientific jobs, such as schools and libraries. This type of *waqf* is the most evident in the Islamic world at the time, place, and even now.

2. A social *waqf* that provides financial balances to carry out many social and civilizational jobs, including caring for orphans, strangers, patients, sons and needy people of all levels and types.
3. Private *Waqf*: This type aims to provide a stable income for the family of the Waqif (donor) and their descendants. This type is relatively less common.

What helped in the expansion of endowments is the ease of their implementation. An endowment is a commitment from one party and does not require acceptance if the endowed entity is a charitable institution. Endowments are contracts that can be executed with a single individual's will, without the need for mutual agreement, and this simplicity in implementation has led to the proliferation of endowments. Prior to that, the interest of Muslim individuals in charitable work and their desire to contribute to what is with Allah played a significant role. They were keenly aware of the concerns of others, and they were eager to alleviate their hardships and benefit them, The Prophet Muhammad (PBUH) said: "The most beloved people to Allah are those who bring the most benefit to people, and the most beloved deeds to Allah are bringing happiness to a Muslim or relieving him of hardship."⁽¹⁾

It is not surprising that many researchers view the *Waqf* system and its adoption by individuals of the Muslim Ummah as one of the important foundations for comprehensive Islamic revival with its various dimensions, including economic, social, political, and scientific aspects. Some researchers argue that the *Waqf* system was behind the rise of Islamic civilization, rather than the successive Islamic states and royal treasuries. Some go further to claim that *Waqf* in Islamic civilization was the focal point of Arab and Islamic scientific and intellectual renaissance over the centuries.⁽²⁾ The Islamic state was primarily concerned with internal security aspects, such as maintaining security within the state, and also focused on external security to defend the entity of the state. It left other activities and programs, including legal, educational, health, economic, and commercial aspects, to individual initiatives carried out by the general public and the affluent members of society through endowment institutions with full competence.

Today, there is a growing need to activate the role of endowment institutions to play a practical role in various fields, especially after many countries have reduced their involvement in social services, education, and healthcare. It is not surprising to see attention once again turning towards endowments in the Islamic world after its significant role has been overlooked for decades, considering it as the true and principal seed for the beginning of a comprehensive renaissance in all aspects of life within society.

(1)"The Grand Lexicon, Al-Tabrani, Editor: Hamdi Al-Sulfi, Ibn Taimiya Library, Cairo, without date C12, p.453."

(2)" Endowments and Society, Abdullah bin Nasser Al-Sadhan, p. 18."

CHAPTER 3

Educational Recreation (Edutainment)

The concept of "Edutainment" is relatively modern in both the entertainment industry and the educational system. It is sometimes referred to as "educational play," "entertainment-based education," or "edutainment." The term "Edutainment" is a neologism combining "education" and "entertainment." It refers to the use of entertainment media and methods for educational purposes, making the learning process less challenging and more enjoyable for the learner. The methods employed are often informal, characterized by a departure from the traditional didactic approach. The focus shifts from rote memorization to engaging the learner in critical and creative thinking.

The term "Edutainment" has been particularly associated with electronic educational games since the 1990s. Some literature suggests that Robert Herman of the National Geographic Society was among the first to propose the idea of edutainment.⁽¹⁾ While some argue that the Walt Disney Company's offerings serve as a prime example of edutainment, and that they were the first to use the term "Edutainment" in 1948⁽²⁾. Whatever the difference in beginnings, but the intention is what they have reached and how they can be leveraged.

It is well-known that traditional education, with its seriousness, may cause aversion for some learners. On the other hand, entertainment, with its enjoyable features, tends to be attractive. Thus, this combination creates a new pattern, through which the recipient acquires information in a format of fun and entertainment, away from the seriousness and strictness of traditional education. This educational approach not only increases the enthusiasm and passion of learners but also aids in teaching them complex scientific subjects and challenging information.⁽³⁾ Moreover, it works on engaging students in the teacher's activity to complete the learning process. It is, in every case, a means and not an end in itself, and this is something that should be noted. Examples of this approach in our Islamic heritage include the use of poetic meters to summarize certain sciences such as grammar, religious obligations, and Quranic readings. These poetic meters, known as "*Arud*," were recited by young students in a musical style to facilitate memorization.

(1) Theoretical review to the approach of the edutainment. Aksakal, N. *Procedia-Social and Behavioral Sciences*. 2015,186,1232-1239

(2) <https://lookinmena.com/about-eduttainment-concept>

(3) Theoretical review to the approach of the edutainment, Aksakal, N.

Modern teaching methods for children, which primarily rely on visual and auditory activities, video games, practical experiments, and tangible objects, are the most prominent example of the use of edutainment. These methods include various educational tools that aim to deliver information to children in a simpler and more enjoyable way, moving away from the traditional teaching methods of rote learning. In this approach, education focuses on the student and their interaction with the variables of the educational process, including the learning environment, the teacher's personality, and the teaching method used to convey knowledge. It is widely recognized that people generally learn better when the educational process is enjoyable. Therefore, educational tools must align with the advancement of sciences. Information that could be conveyed through rote learning in the past now requires new methods and means to be effectively delivered, considering the rapid progress in scientific discoveries and innovations.

Despite the positive aspects of learning through edutainment, some argue that it should not replace traditional teaching methods. It is considered a tool rather than a teaching method, prompting a comprehensive examination of its pros and cons in the educational process.⁽¹⁾ Some studies have indicated that the negative aspect of edutainment may lead to the development of a misconception among students that if they are not entertained, they will not learn. This underscores the necessity of handling edutainment appropriately, without overemphasizing its importance in the educational process. Additionally, it may not be the best choice for all learners, considering their various ages, educational stages, and learning abilities.⁽²⁾ Moreover, we face a genuine challenge confronting educational planners and teachers in determining the appropriate dosage of entertainment in the educational process, its type, and where its boundaries stand concerning traditional educational practices. This is particularly crucial as it may not be suitable for all student demographics, considering factors such as age, cognitive abilities, and perception, as mentioned earlier.

Despite all the aspects that must be considered by educational planners and implementers, it is essential to consider that edutainment has become a fundamental method in successful modern educational processes, evaluated by educational supervisory entities. Through this approach, students can utilize their full cognitive potential, making understanding easy and fast. The use of tools, experiments, and effective educational resources has become a primary or essential supplement to the textbook, which is increasingly viewed as burdensome for many students.

(1) Education: is learning at risk? , *Okan, Z, British Journal of Educational Technology*, 2003, 34, (3) 255-264

(2) Education, games, and the future of education in a digital world, *New directions for children and adolescent development*, Jarvin, L.2015, (147), 33-40

Visiting museums and scientific exhibitions with various educational games teaches children many rules and scientific theories in a fun and gentle way across various arts and sciences. When students visit museums and scientific centers, their fascination and concentration on gaining knowledge are accompanied by joy and delight. They learn happily, and this can reinforce the information, preventing forgetfulness. This learning process involves various sensory experiences - visual, auditory, and kinesthetic. Studies have shown, for example, that students' recall increases with the assistance of films related to the lesson's topic.⁽¹⁾

Edutainment, or education through entertainment, has become one of the paths in the field of education. It is an adopted educational approach taught in many colleges and educational departments. Several books have been written on this subject. Another model goes beyond traditional schools, known as "Science Centers" or "Scientific Centers." In these centers, scientific information is presented through entertainment or amusement in a clear and direct manner. This approach is more advanced than mere television games or programs, as seen on channels like Discovery, National Geographic, or History. These channels aim to promote education through entertainment intentionally or unintentionally.

In these scientific exhibitions, the primary goal is intentional learning accompanied by entertainment. The presentations are more sophisticated, leveraging technologies like augmented reality made possible by wearable technology. A report from 2013 anticipated that such technologies would become easily accessible in educational processes by 2018. These scientific centers now offer interactive learning experiences, utilizing direct interaction between the medium and the learner. There are many examples of these scientific centers in the Gulf countries, and we will highlight some of the most prominent ones.

- King Salman Science Oasis in the Kingdom of Saudi Arabia. It aims to introduce the scientific and technical progress achieved in various fields of science, and the role of Muslim scientists in this scientific development. They define themselves as applying the concept of "recreational education" to present science issues in a way that moves imagination, using modern technologies to introduce scientific phenomena and laws, in an interactive environment that integrates visitors with exhibits to instill information in their minds, in order to encourage young people to discover the world, choose their future paths, and raise awareness of the importance of science in building nations.
- Kuwait Scientific Center: The center includes three main facilities: the ocarium, the exploration hall, and the showroom. The ocarium provides the visitor with access to natural environments on the seas and the natural habitats of the deserts. As for the exploration hall, it contains oil and gas exhibits,

(1) Theoretical review to the approach of the edutainment. Aksakal, N.

where children can dig oil wells, drive a seismic survey truck, transport oil by pipes, all in a fun educational way, and watch interactive exhibits that embrace the Children's Scientific Enrichment Program.

- The Abu Dhabi Science Center consists of seven different exhibitions to revive science by encouraging youth to move towards scientific fields, establishing a vital base for the science and technology sector, and inspiring youth to pursue their scientific achievement and career in these fields. It includes the Universe and Planetarium exhibition, the Natural Resources Exhibition, the Manufacturing Fair, the Senses Gallery, the Motion Sciences Exhibition, and the Land, Sea, and Air Exhibition. The center contributes to establishing beautiful scientific memories in children's minds.
- Emirates Scientific Club in Dubai: It aims to spread scientific culture and simplify science through its various departments. It also aims to create the right climate for young people to engage in free scientific activities that reveal their talents, develop their interests and capabilities, discover scientific talents and skills among youth, and develop their capabilities in scientific research.
- Omani Scientific Club: It is a scientific and cultural center that offers various scientific activities in order to improve the level of understanding science and understand principles and concepts through experience, application, and direct interaction. The club has a role in establishing scientific mindset, providing a successful scientific climate, consolidating teamwork from practice and participation, spreading scientific culture in society, and working to discover and nurture innovators in the field of science and technology, and working to contribute to the development of science and technology.
- Qatar Scientific Club: It is a non-profit civil scientific institution that encourages learning and research in the fields of science and technology. It aims to provide a creative and attractive scientific environment that enables youth to learn and attract and encourage youth to empower them in scientific fields.
- Bahraini Scientific Center: The center offers many programs that contribute to promoting the love of science in children and help them understand scientific concepts, whether in school curricula or related to children's life matters. It also builds outstanding children in scientific fields.

Indeed, all the mentioned scientific centers serve as excellent examples of the concept of "learning through entertainment" or "edutainment." They represent models that are likely found in some Islamic countries as well. However, a notable drawback is that these centers are often part of bureaucratic governmental institutions, which can stifle creativity, innovation, and agility. The rapidly changing landscape of scientific knowledge and inventions may surpass the capabilities of bureaucratic administrative procedures and financial cycles to keep up with them.

There's also a perception among donors that such activities fall under the purview of governments, reducing enthusiasm and funding for them. In a study on donor behavior, it was found that donors primarily lean towards religious activities, such as building mosques, teaching the Quran, and sponsoring orphans. Social and healthcare activities, like caring for the sick, disabled, and building health centers, come next. Educational, cultural, and environmental activities are placed lower in priority, possibly because of the belief that these activities should be the responsibility of the state.⁽¹⁾

The pattern is reiterated in a recent study in the Kingdom of Saudi Arabia, where the results highlight that large-scale *waqf* institutions primarily focus on religious, social, and humanitarian needs. They often do not encompass other areas such as scientific, educational, and cultural aspects.⁽²⁾ In a similar survey, the results indicated a significant weakness in *waqf* spending on building schools and educational institutions in the Kingdom of Saudi Arabia. The percentage allocated for this purpose was only 0.8%, a notably low figure, especially when compared to the percentage spent on sacrificial offerings, which ranked first in *waqf* expenditure at 19.8%.⁽³⁾

Some researchers believe that the community's reluctance to support cultural, recreational activities, and museums is due to their novelty in society, as they are perceived as foreign imports carrying some of their drawbacks, which some view as violating religious principles. Additionally, there is a general lack of awareness of the importance and role of these cultural and scientific activities in the progress and advancement of nations. This has acted as a psychological barrier to *waqf* contributions in these areas.⁽⁴⁾

Therefore, this requires a new form of management that is flexible, administrative, financial, and quick in decision-making and implementation to develop and constantly renew these scientific incubators. After a few years, we will find that the contents of these lectures (recreational education) have become outdated and old compared to the movement of sciences and inventions, which should be constantly renewed to become a focus of attention, an already interesting attraction, and how many of our opinion from an official scientific center that was

(1) Citizen survey on charitable spending in Kuwait, *Awqaf* General Secretariat, Kuwait, 2003, p. 198.

(2) Endowments in the Kingdom of Saudi Arabia: Promoting sustainability and investment in society, Turki bin Sulaiman Al-Zumaie, and Amer bin Mohammed Al-Husseini, Research and Knowledge Communication Center, Riyadh, 2017, p.181."

(3) Endowment Economics Report, Endowment Committee in the Eastern Province Chamber, Dammam, / 2018, p.61."

(4) Endowment and its role in supporting education and culture in the Kingdom of Saudi Arabia within a hundred years, Khalid bin Sulaiman Al-Khuwaiter, General Secretariat of Endowments, Kuwait, 2011, p.75."

managed in the government bureaucracy. It has become the rule of the neglected and semi-immigrated visitors and said that its visitors have become in the rule of history, even if the means of presentation are specialized in basic sciences that may not change much in their content, but it needs to be renewed in their form and presentation, presentation, and maintenance.

The perception of the relationship between individuals and the state, and the burdens assumed by governments, has evolved over time. In the early Islamic eras, endowments (*waqf*) played a crucial role in the economies of Islamic states, serving as a significant pillar and bearing a substantial economic burden that the government alone might not be able to handle. However, in our modern era, with changing societal concepts and the political, economic, and social transformations that have affected the world, society now expects the government to take on this burden. The government is held entirely responsible for facilitating all the facilities associated with the people's interests, as well as providing for and spending on them.⁽¹⁾

In this context, a researcher emphasizes that Islamic countries are not fundamentally different from most developing nations in relying primarily on official government funding for scientific research activities. However, this, by itself, is insufficient to drive the process of scientific innovation enough to advance technology, scientific development, and human progress. In many cases, it explains the stagnation of intellectual thought and the backwardness of educational institutions in our Islamic world. Thus, the gap continues to widen between these countries and the advanced nations.⁽²⁾

To decide on the above, a renewable financial resource must be created, so that the implementation of its practical part starts by providing a renewable source of funding that carries a seed of its survival, which is (the endowment). The *Awqaf* system will not only provide continuity but continuous renewal that does not stop at the limit of the lack of funding as it may happen in some countries or governments.

Chapter Four

The Reality of Recreational Endowment

The endowments are classified into three main categories, and among them,

- (1)" Educational endowment and its impact on development of the United Arab Emirates as a model, Omar Abbas Al-Jumaili, Forum on Islamic Economics 2017AD, Dubai Islamic Affairs and Charitable Activities Department, 2017, p. 4."
- (2)" The role of Islamic endowments in higher education and scientific research for development, Abdul Rahman Yusri Ahmad, as part of the activities of the Fourth Doha Islamic Finance Conference, Doha, 2018, p. 176."

we are concerned with the endowment that is directed towards the educational and intellectual aspect, known as "educational endowment" or "academic endowment." Throughout Islamic history, every era and country has witnessed hundreds of educational endowments that served as a foundation for spreading knowledge among the members of society. These endowments took into consideration the available means at that time, such as the composition of books, the establishment of schools (*kuttāb*), lectures, and various forms of educational institutions. This phenomenon of endowments for education and the proliferation of schools caught the attention of the traveler Ibn Jubayr, who considered it one of the most remarkable aspects of the Islamic world. He documented some of the well-organized educational institutions he encountered during his travels.

There was active involvement from the benefactors in the minutiae of the educational process, ensuring the provision of educational tools such as pens, ink, tablets, pens, and the benches on which the students sat. The benefactors were keen on specifying every detail related to the educational process, including curriculum, teaching methods, discipline, and upbringing. Their commitment extended to setting specific qualifications for educators, requiring them to be individuals of goodness, religion, trustworthiness, chastity, and integrity. Educators were expected to be guardians of the Quran, knowledgeable in the seven readings and their rules. The benefactors also paid attention to the schedules of study, including days, times, and the content taught in each period and age group. They even designated days for students to rest from the rigors of study each week.

The emphasis on knowledge is not an innovation in our religion. Islam, in its comprehensive care, has shown great attention to knowledge in numerous Quranic verses and prophetic traditions. Islam does not limit itself to encouraging the pursuit of knowledge; rather, it elevates it to the level of an obligation. It is narrated that the Prophet Muhammad, peace be upon him, said: "Seeking knowledge is a duty upon every Muslim ⁽¹⁾." Seeking knowledge leads to understanding Allah, singling Him out in divinity and worship. Observing the universe, its components, details, and the exquisite craftsmanship in its creation, one can recognize Allah's power in His creation and His benevolence in managing its affairs. As stated in the Quran: "Indeed, in the creation of the heavens and the earth, and the alternation of the night and the day, are signs for those of understanding. Who remember Allah while standing or sitting or [lying] on their sides and give thought to the creation of the heavens and the earth, [saying], 'Our Lord, You did not create this aimlessly; exalted are You [above such a thing]; then protect us from the punishment of the Fire.'" (Surah Al-Imran (3:190-191).

(1) Sahih Sanan Ibn Maja, Muhammad Nasser al-Din al-Albani, Bab Fadl Scientists and Urging for Science, Hadith No. 184, Volume 1, p.92, Knowledge Library for Publishing and Distribution, Riyadh, 1997."

The reward for seeking knowledge continues even after a person's life ends. In a hadith, the Prophet Muhammad, peace be upon him, said: "When a person dies, his deeds come to an end except for three: ongoing charity, knowledge that is benefited from, or a righteous child who prays for him ⁽¹⁾." And this is closely related to the topic of endowments (*waqf*) and the continuous reward for the scholar, both for the one who imparts knowledge and the one who seeks it.

The scholars have extensively discussed the rulings regarding seeking knowledge, whether it is religious knowledge or other types of knowledge. Seeking knowledge is affirmed by various legal rulings, including obligation, recommendation, permissibility, dislike, and prohibition. Seeking religious knowledge is an individual obligation (*fard ayn*) on every accountable person, especially for the essential religious sciences related to worship acts such as prayers, charity, pilgrimage, purity, and fasting. It is also a communal obligation (*fard kifayah*) for the general public to acquire knowledge in fields like medicine, pharmacy, physics, chemistry, mathematics, astronomy, technology, computer science, and others, as needed for the well-being and progress of the community. If some individuals acquire this knowledge, and the community's needs are met, the obligation is considered fulfilled for others. However, if the community still requires such knowledge, the obligation remains on the entire community until a sufficient number of individuals acquire it.

From here, the legal maxim can be applied, which states that "whatever is necessary to fulfill an obligation becomes obligatory itself." Some consider this to be a fundamental principle, and some scholars have specified two conditions for the obligation: first, the obligation must be absolute, and second, the prerequisite for fulfilling the obligation must be attainable ⁽²⁾. Certainly, there is no doubt that the Muslim Ummah, in its current weak scientific state, is not self-sufficient in the various scientific disciplines, including the fundamental sciences. Additionally, the establishment of universities and scientific centers, which are the prerequisites for acquiring these fundamental sciences, is accessible in many Islamic countries, especially those with significant petroleum resources. Thus, both conditions for the application of the legal maxim are fulfilled in these countries.

The recreational endowment, as indicated in this research, is essentially derived from the educational endowment or the scientific endowment ⁽³⁾.

(1) Sahih Muslim, Muslim bin Al-Hajj, The Book of Will, Bab of Thawab after his death, Dar Al-Salam Library, Riyadh, 1421 AH."

(2) Wajiz in clarifying the rules of total jurisprudence, Muhammad Sadaqi bin Ahmed Al-Borno, The Message Foundation, Beirut, C4, 1416 AH, p. 394."

(3) The meaning of scientific or educational endowment is: "The preservation of assets for the benefit of scientific and educational aspects, such as the suspension of libraries and the copying of books, the copying

Rather, it is an integral part of it, and the difference between them lies in the method of presenting information and the educational means intended to convey the information to the learner, both in the past and the present. The content is the same, aiming to disseminate knowledge, but through new and non-traditional methods. This involves presenting knowledge and scientific information in an engaging way, using modern and captivating methods, as opposed to being written in a traditional educational curriculum. This can be achieved by endowment institutions establishing scientific centers, similar to the examples mentioned earlier, such as the King Salman Science Oasis in Saudi Arabia, the Kuwait Scientific Center, the Abu Dhabi Science Center, the Emirates Scientific Club in Dubai, the Omani Scientific Club, the Qatari Scientific Club, and the Bahraini Scientific Center.

Through these centers and similar institutions, scientific information and technological tools are presented to children and youth in an engaging manner, using innovative presentation methods. These scientific centers contain displays and exhibits that simulate what is found in exhibitions, scientific centers, and specialized historical museums. At the same time, they are managed in an institutional and endowment-oriented manner, following a flexible administrative and financial approach. This enables these centers to continue their vibrant scientific mission, constituting what can be referred to as "recreational endowment."

This orientation is not a novelty in the world, as there are real examples of recreational endowments with a specific focus. For instance, the Getty Endowment has been allocated exclusively to serve museums. Initially valued at 700 million dollars, it has grown to reach 4.5 billion dollars ⁽¹⁾. Museums are undoubtedly an integral component of recreational endowments, alongside scientific centers and basic science institutions. This global experience is a pioneering one, and its scientific foundations should be leveraged. As the saying goes, "Ideas are not restricted to anyone; rather, in science, there is a sense of social and scientific solidarity. Those who adopt an idea can work with it, appreciate its originator, and recognize their rightful credit. A believer takes wisdom wherever he finds it

of the Holy Quran, its binding, the suspension of schools, the episodes of science, related to learners and teachers and their expenses, and the suspension of caisses, inks and pens and the like for what education needs. These requirements vary from time to time, and from place to place according to the requirements of the educational process. See: Important legal measures to increase the scientific endowment and restore its active role in the scientific renaissance of the nation, Anwar Al-Shaltoni, *Awqaf* Journal, General Secretariat of Endowments, issue 23, 2012, p. 57."

(1)" Leading Endowment Institutions: Experiences and Lessons, Osama bin Omar Al-Ashqar, Al-Nafis Publishing House, Jordan, 1438 AH, p.45."

and is most deserving of it when he finds it ⁽¹⁾."

Extracting lessons from successful global experiences is crucial for Islamic countries. Specifically, the focus is on determining the methodology that transitions from a quantitative to a qualitative educational system, building individuals, and the role of endowments in facilitating this shift. The endowments play a role in creating a balance among the three pillars of the educational process: quality, continuity, and community partnership. The philosophy of endowments carries within it the pursuit of excellence and the search for the best, emphasizing ongoing funding and sustainability ⁽²⁾.

The establishment of what is known as "recreational endowments" in our Islamic world, which is essentially the other face of the concept of "education through recreation" or "education through entertainment," is no longer a cultural luxury. Instead, it is a fundamental component of knowledge, learning, the educational process, and scientific and cultural progress. It aligns with the technological advancements sought by the nation. Many studies have concluded a direct correlation between the level of technological capabilities and economic and social prosperity, impacting both individuals and society as a whole⁽³⁾.

This type of endowment, known as "recreational endowments," is an integral part of educational endowments, but in a manner that aligns with the requirements of our present era. It requires a large and sustainable financial resource to ensure the realization of an integrated system for scientific creativity. In this context, the Islamic endowment system stands out as a financial resource characterized by longevity, renewal, and flexibility, serving as a proud and sustainable source of funding. It is the most suitable for implementing high-cost and continuous programs. The Islamic endowment system is particularly distinctive in terms of administrative and financial flexibility, meeting the needs of innovative scientific and developmental programs.

The historical evidence and the content of the article confirm that endowments have historically been a significant source of funding for public services, playing a crucial role in providing these services. This is attributed to the important characteristics of sustainability and continuous financial resources associated with endowments. It is considered a promising model for revitalizing society in

(1)" Important Sharia measures for the proliferation of the scientific endowment and its active role, Anwar Al-Shaltoni, p.87"

(2)" Harvard and her sisters: Educational Endowment Signs in the United States of America, Tariq Abdullah, *Awqaf Journal*, General Secretariat of Endowments, Kuwait, issue 20, 2011, p.67"

(3)" The role of Islamic endowment in the development of technological capabilities, Abdul Latif bin Mohammed Al-Sarikh, General Secretariat of Endowments, Kuwait, 2010, p. 3."

our present era ⁽¹⁾.

What makes the endowment system highly esteemed in the financial field is its unique characteristics not found in other sources of funding. Firstly, stability is achieved because its tangible assets belong to the economic wealth foundations in society, especially real estate, agricultural lands, and some cash funds invested according to Sharia-compliant guidelines for the benefit of endowment purposes. Secondly, continuity is ensured since perpetuity is a condition in most scholars' views regarding endowments, making it impossible to revoke or change them, guaranteeing a continuous flow of funding from the profits of the endowed assets for extended periods. Thirdly, independence is a distinctive feature, as the essence of the endowment is the independence of the endower's will and their ability to determine the priorities for utilizing its proceeds for public benefit without any governmental or administrative authority having the right to interfere or alter it. ⁽²⁾

However, what may pose a challenge for some affluent individuals and endowers in the Islamic world is the name of this endowment, "The Recreational Endowment," due to the negative mental image associated with this human activity, recreation or entertainment, as mentioned earlier. It has been tainted by various limited perceptions that fall short of understanding its true essence, comprehensive content, diverse aspects, and rich scope. This has created a negative perception, considering it a mere waste of time. Rectifying this negative mental image requires significant efforts and practical models that provide a real view since they are the only ones capable of making a substantial impact in changing perceptions.

What can bring about this real change in the management of endowments and their direction towards this new approach is working through the fundamental principles of endowment and its guiding compass, namely the "endowment document." The endowment document, in our present time, often suffers from relative rigidity and confinement to specific areas, despite being entirely beneficial. However, many endowments are directed towards recurring fields. Meanwhile, the Islamic nation faces limitations in other areas to keep up with scientific advancements and civilizational progress.

Here comes the role of innovation in endowments and dealing with it according

(1) "Trends of Arab Giving: From philanthropy to social change, Editor: Barbara Ibrahim, Dina Sharif, John Gerhart Center for Social Giving and Civil Participation at the American University in Cairo, Cairo, 2010, p. 10."

(2) "The role of Egyptian endowments in building an independent and effective civil society, Reham Khafaji, John Gerhart Center for Social Giving and Civic Engagement at the American University, Cairo, <http://dar.auceps.edu/handle/10526/1300>"

to a renewed perspective, using a term that has recently emerged in the endowment scholarly field: "innovative endowment" or "endowment innovation." This refers to new and authentic ideas aimed at developing endowments in terms of the underlying assets, their management, and organizing their administration. The goal is to broaden the concept of endowments through these dimensions to wider horizons than traditional endowments and their familiar forms. This could be a catalyst in creating an endowment system that anticipates the future by thinking about new areas that endowments can encompass. Moreover, it can propose a visionary approach to forming a strategic plan to expand endowment activities to meet the needs of all communities.⁽¹⁾ The discussion in the next paragraph will focus on the practical steps to achieve the "innovative endowment" by controlling the endowment document, refining its formulation, and developing it to align its operations with the societal needs that are crucial for keeping up with the march of civilization through the gate of knowledge and learning.

Chapter Five

Practical steps to Activate the Recreational Endowment

The needs of society vary and evolve in accordance with the economic conditions it experiences, which differ based on the availability and provision of essential services by governments and states. While the needs of societies and individuals were limited in scope and manageable in the past, and could be met with minimal effort, with the complexities of life, population growth, intermingling interests, and intertwined relationships, we find that the efforts once sufficient to fulfill the needs of a community or its members now require reconsideration to align with the changes that have occurred in the lives of contemporary individuals within Muslim societies.

The requirements of life necessitate a reconsideration of how to renew the role of endowments (*waqf*) with a forward-looking perspective for the future. This involves understanding the role that endowments played in development areas in the past, utilizing modernized and sophisticated endowment administrative formulations that align with the advancements in scientific and administrative fields. All of this can happen without criticism of the old methods that were available to our ancestors in the past. Their efforts were based on their capabilities and daily needs of their time.

(1) "Innovative Endowment: The authenticity of the principle and the necessity of the idea, Najat Mohammed Al Marzouqi, as part of the research of the Islamic Economy Forum 2017, Dubai Islamic Affairs and Charitable Activities Department, United Arab Emirates, Dubai, 2017, p. 8."

The Endowment has played a key role in financing the educational and health sectors, in addition to financing religious and advocacy projects necessary for development, which are projects aimed at building humans in a spirit, mind, and body. The endowment's financing role did not stop there, but contributed to supporting economic, agricultural, industrial, and commercial projects and activities, in addition to services. This contribution was distinguished when the Islamic State did not have specific financial allocations distributed to these sectors, and its role was focused on defense, guarding, security, monitoring, and guidance. However, after the emergence of the concept of the modern state that made it intervene in supporting economic activities and financing development, the role of the endowment has diminished as an Islamic institution in financing development projects in Islamic communities until its role was limited to building and spending mosques and making the endowment confined to a narrow angle of development." ⁽¹⁾

This is affirmed by a new trend emerging among specialists in Islamic sciences, which strongly advocates for expanding the functions of endowments to meet the needs of Islamic countries. The wise objectives of Islamic law call for expanding the scope of endowments, including their role in education. The predecessors recognized this, and they allocated many endowments to schools covering various fields such as jurisprudence, medicine, and others. Thus, educational and research institutions became the most significant recipients of endowment funds during that time.

The concept of the state of social welfare, which has prevailed in some countries for decades, has followed a gradual recession and no longer has the ability to remain or continue for a long time in the current style for many reasons. For this reason, it can be said that many Islamic countries are prepared to engage in the process of advancing the endowment, not only to be used as a tool to contribute to addressing the disadvantages of economic and social transformations but also to document the relationship between society and the state. Moreover, it is also essential to strengthen the relationship between society and the state. However, this requires raising aspirations to overcome several legislative, regulatory, and investment obstacles in the endowment sector in general. It involves guiding endowment providers towards identifying the most suitable uses for their

(1)" *Waqf* as an economic source for the development of Islamic communities, Sulaiman bin Saleh Al-Tafil, Seminar (State of the Endowment and its Impact in Dawah and Development), 1420 AH, Ministry of Islamic Affairs, Endowments, Dawah and Guidance, Makkah Al-Mukarramah, Part 2, p. 1238. For example, it was found that the most significant mosque in Algeria had about 420 people standing on this mosque. This document confirms that this mosque's income was the largest after the endowments of Makkah and Madinah if it was measured against others for mosques. See previous reference p. 1258.

endowments, using endowment formulas that consider the present, focus on the future, and consider the required needs. This should be done through pure guidance and not through coercion.

The current landscape of endowments reveals that many endowment providers, as individuals, often struggle to precisely identify the societal needs or direct their endowments towards specific geographic and temporal realities. Addressing this gap requires interdisciplinary teams with a comprehensive and liberated perspective from narrow geographic and temporal constraints. Crafting substantial financial documents and keeping up with scientific advancements are essential. The involvement of various specialties is necessary to identify needs based on scientific foundations aligned with ongoing scientific progress and a wealth of statistics, ensuring that expectations evolve with societal changes. Individual endowment providers need guidance in this field, as their needs are dynamic and align with society's diverse requirements. Responsible endowment authorities must develop an economic plan considering the nation's needs in this regard. They should attract experts in economics, sociology, planning, and management. Once these plans are prepared, projects should be presented to the nation's affluent individuals, detailing their costs, returns, and expected outcomes. This approach is more effective than mere calls for charity or endowments.⁽¹⁾

scientific centers that base their studies and forecasts on statistics, field surveys, and foresight studies for the future. These centers should familiarize themselves with the current reality, its possibilities, future trends, and needs. The perspective should be broadened to encompass a wider horizon. The endowment and its investments should not be limited to immediate material investments such as real estate and land. It should extend to include human investment and scientific investment. Human investment involves education, ranging from building universities, schools, and libraries to establishing centers dedicated to various sciences and scientific training centers. The endowment should play a role in the formation and enhancement of human capital.

The proposed mechanism to maximize the benefit, by the permission of Allah, from endowments in this field and other promising fields is through introducing new avenues of investments that society needs on a larger scale. These investments can either directly satisfy immediate societal needs or fulfill indirect needs with long-term benefits. For example, a new direction in endowment spending could involve establishing scientific centers such as the King Salman Oasis for Sciences in Saudi Arabia, the Kuwait Scientific Center, the Abu Dhabi Science Center,

(1) "Reasons for the decline of the suspension in the present era, Saleh Al-lahem, in the (Endowment Symposium in Islamic Sharia and its fields), the Ministry of Islamic Affairs, Endowments, Dawah and Guidance, 1423 AH, Riyadh, C2, p.997."

the Emirates Scientific Club in Dubai, the Omani Scientific Club, the Qatari Scientific Club, and the Bahraini Scientific Center. This approach would realize the concept of "recreational endowment."

These results can only be achieved through the existence of service centers to draft *Waqf* documents. Their mission is to monitor the needs of society through surveys and development plans, or to employ available information from future needs to be marketed as a product, such as any commercial product, on the *Waqfs* and it is through guidance and there is no compulsory dimension. This is a very important issue to be alerted to. The more this center enjoys administrative and financial independence away from the governmental nature, the trust will be claimed in its advice and the public acceptance of the *Waqfs*.

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Articles



The Accounting System in Endowment Institutions in the Kingdom of Saudi Arabia: An Exploratory Study

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Abstract:

This study sets out to investigate the reality of the accounting systems applied to the Kingdom of Saudi Arabia's endowments. We made use of an exploratory study shaping an integrated picture of the accounting system² in endowment institutions. We adopted the descriptive approach to unravel the accounting systems in endowments through a close analysis of the content of the accounting thought in the domain of research and relevant systems. Fieldwork was also used to examine the intrinsic reality of several endowment entities looking into relevant aspects with the aim of studying them. The study used a questionnaire which was applied to a sample of accountants, financial managers, endowment overseers, endowers, and endowment workers in the Kingdom of Saudi Arabia. The distributed questionnaires amounted to 52. The study found out that interest of endowment institutions in the Kingdom of Saudi Arabia in applying accounting practices and systems reached a high level. Additionally, endowment institutions in the Kingdom of Saudi Arabia face many challenges in applying accounting systems and practices. Endowment institutions in the Kingdom of Saudi Arabia practice the accounting and financial requirements which should be followed in accordance with the regulations issued by the regulatory and supervisory authorities to a high degree. The study recommends the need for benefiting from the international accounting standards applied to business institutions to improve the accounting system in endowment institutions without overlooking the nature

of this sector. This can also develop a comprehensive accounting standard for endowment institutions ensuring transparency, accountability, control, and commitment to accounting standards.

Keywords: Endowment institutions, accounting system, endowment systems and regulations in the Kingdom of Saudi Arabia.

A- General Background

1- Introduction

Waqf or endowment is one of the institutions which have played a prominent role in the foundation of civilizations in various eras, in that it was one of the mainstays of the educational, health, religious, cultural and security domains. In the past decades, endowments have witnessed increasing attention boosting their role in social and economic development. It has also received many regulatory, legislative, and research efforts⁽¹⁾.

The Islamic Shari'a acts in sync with the needs of society seeking primarily to achieve cooperation and solidarity among its individual members. Based on the role of endowments in stablishing progress within social and economic development, the government of the Kingdom of Saudi Arabia made sure in the last quarter of the last century to organize and take care of the endowment sector, specifically in 1381 AH when the Ministry of Hajj and Endowments was established. The sector witnessed rapid growth until it has reached its present vital role as a main driving force in promoting safe and sustainable development⁽²⁾.

Within this spirit, the Kingdom's 2030 Vision purports to restore the pivotal role of endowments in participating in sustainable development. This vision could be materialized if an endowment sector proportion amounts to 350 billion riyals in 2030 to contribute – along with the non-profit sector – by (5%) to the GDP. The pillars of the future vision of the endowment sector involve modernizing regulations, enacting modern and flexible legislation adequate to the current needs and governance of the endowment sector, reinforcing control and transparency, developing endowment work, and raising awareness of the importance of endowments⁽³⁾.

In this view, interest in and awareness of endowments have increased as one of the tools for the development of society and economy; that is why, they are increasingly subject to accountability. Congruent with the modern management

(1) نظام الوقف في التطبيق المعاصر، الأمانة العامة للأوقاف، محمود أحمد مهدي، 2003م، دولة الكويت، ص 10.

(2) التقرير السنوي للهيئة العامة للأوقاف بالمملكة العربية السعودية، 2019م.

(3) تقرير اقتصاديات الوقف، غرفة تجارة الشرقية، المملكة العربية السعودية، ص 17-24.

of *Waqf*, high premium should be placed upon the principles of accountability and transparency, on the grounds that it is considered as one of the governance tools in *Waqf*. Because financial transparency and accountability are but part of the larger framework of governance, mechanisms and tools to ensure the quality of accounting information are necessary⁽¹⁾.

To ensure the quality of accounting information, it is needful to design an accounting system comprising a set of appropriate accounting procedures, tools, and methods to ensure a safe output of accounting information. All that can appropriately contribute to the management of funds to achieve the purposes of endowment and evaluate its performance. The designed system can contribute to the protection of endowment funds, clarifying its rights and obligations, measuring the impact of financial transactions, and reassuring the endowment management that it is committed to Shari'a and jurisprudential provisions. The system's outputs (from financial statements and reports) help encourage individuals to endow their funds, which in turn, makes sustainable development of endowments possible⁽²⁾.

Thus, we should shed light on the accounting systems and practices which endowment institutions apply, with special focus on practices in endowments in the Kingdom of Saudi Arabia representing hence a road map which contributes to more studies and research. The latter can develop systems addressing some obstacles and challenges, and achieve more flexibility in the application of these systems making them compatible with the change and expansion of the goals and needs of these institutions.

2- The Research Problem

The renaissance and empowerment of *Awqaf* require a system of procedures, policies, and fundamentals which work together for the sustainability of *Awqaf*. The assets of endowments constitute the main resource which contributes to their sustainability. To protect these assets, a system of practices is required to control the financial operations of *Awqaf* in a way that ensures the level of transparency, disclosure, and accountability, and in a way that contributes to the preservation of *Awqaf*, its assets, properties and the rights of the beneficiaries, and disseminates confidence in *Waqf*.

(1) محاسبة الوقف الإسلامي ومعايير المحاسبة الأمريكية للمنظمات غير الربحية، بهاء الدين عبد الخالق بكر، مجلة أوقاف، الأمانة العامة للأوقاف، العدد 30، 2016م، ص16.

(2) الأحكام الفقهية والأسس المحاسبية للوقف، عبد الستار أبو غدة، وحسين شحاته، الأمانة العامة للأوقاف، الكويت، 1998م، ص209-210.

Undoubtedly, this will create a positive image about it in society, contribute to its protection from the risks of mismanagement, meet the needs of users of accounting information, and assist the concerned parties in appropriate decision-making.

The Awqaf Centre in the Riyadh Chamber⁽¹⁾ has observed some challenges facing endowments in the Kingdom of Saudi Arabia including the absence of guiding rules and regulations and standards governing the work of endowments, which affects their administrative and accounting systems. Some of these challenges facing endowment entities in accounting work included the absence of indicative accounting systems for endowments and the absence of an accounting standard for *waqf* that ensures control and adherence to appropriate accounting standards that are consistent with Shari'a controls. Additionally, among the challenges that are worth-mentioning, we mention the lack of legal and endowment accounting offices concerned with reviewing endowment bodies, which casts doubts on the possibility of the contribution of the applied accounting system in providing appropriate information to decision-makers in endowment entities. That is why, the problematic issue of the study emerged as a necessity for diagnosing the reality of the accounting system applied in endowment entities within the environment of the Kingdom of Saudi Arabia, identifying therefore the challenges facing endowments in applying those systems.

Therefore, the problem of the study stems from several questions which are stated as follows:

- a. What is the reality of the accounting system and the practices applied in endowment entities?
- b. What is the contribution of the accounting system adopted in providing appropriate information to the endowment stakeholders?
- c. To what extent are the accounting systems currently applied compatible with the nature and characteristics of endowments?
- d. To what extent are the endowment entities committed to the application

(1) الأوقاف في المملكة العربية السعودية (التحديات والحلول)، مركز الأوقاف بغرفة الرياض، 2021م، ص 14-30.

- of accounting standards in measurement, presentation, and disclosure?
- e. What are the challenges facing the application of the accounting system in endowments?

3- Objectives of the Study:

The chief aim of this study is to identify the reality of the accounting systems applied in the endowments in the Kingdom of Saudi Arabia in the light of the main objective. Several sub-objectives stem from this latter objective, which are introduced as follows:

- a. Shedding light on endowments, their types and pillars, and knowing the laws, legislations, and regulations governing endowments in the Kingdom of Saudi Arabia.
- b. Shedding light on the concept of the accounting system in endowments, and knowing its components, purposes, elements, and the foundations on which it is based.
- c. Identifying the accounting practices and procedures currently in effect in endowment entities in the Kingdom of Saudi Arabia.
- d. Identifying the mandatory accounting requirements for endowments in the Kingdom of Saudi Arabia and the extent to which endowment entities practice them.
- e. Identifying the extent to which endowments are committed to the application of accounting standards in the organization of their work; and how these standards are suitable to the nature and characteristics of endowments.

4- The importance of the Study:

The study examines the challenges facing endowment entities by developing a perception of the reality of the system and accounting practices applied in endowments in the Kingdom of Saudi Arabia. This can contribute to diagnosing the reality of these systems, identifying obstacles and therefore

endeavouring to overcome them.

The importance of the study stems from the accounting systems suitable for the needs of endowments, as the outputs of these systems constitute inputs for making rational decisions that contribute to achieving their goals.

Non-profit work is one of the pillars and objectives of the Kingdom of Saudi Arabia's Vision 2030, and the endowments sector represents its backbone. This sector requires reorganization to perform its appropriate role, by addressing the problems and challenges it faces and modernizing flexible systems that suit the needs of endowments.

The importance of the research is also evident in view of the scarcity of fieldwork research conducted on the accounting systems that are applied in the endowments in the Kingdom of Saudi Arabia. Additionally, it will pave the way for more studies and research on the development of these systems to suit the nature of endowments and their characteristics.

5- Scope of the Study:

Objective Limits: The accounting system in endowment entities in the Kingdom of Saudi Arabia.

Human Limits: It consists of accountants, financial managers, executives, consultants, endowment principals, heads of the Board of Supervisors, and its members in endowment entities in the Kingdom of Saudi Arabia.

Spatial Limits: The study was conducted on a number of endowment entities in the Kingdom of Saudi Arabia.

Time limits: The survey was applied in 2022.

6- Structure of the Study:

In order to attain the study objectives, it has been divided as follows:

A. Identifying the concept of endowment, its types, and pillars, tracking the development of the regulatory authorities of endowments in the

Kingdom of Saudi Arabia and the rules and regulations governing them. It is also our purpose to refer to several endowments that have had a significant impact on moving the wheel of development in the Kingdom of Saudi Arabia.

- B. Identifying the concept of the accounting system in endowment entities, its elements, purposes, and components, referring to the accounting system for endowment entities in the Kingdom of Saudi Arabia, and unveiling the efforts of organizations and bodies issuing accounting standards for endowments.
- C. Reviewing studies that examined the accounting systems in endowments at the local and Arab levels, in an attempt to get their results and research methods and how to benefit from them in determining the content of the research questionnaire and methods of analysis.
- D. Analysing the fieldwork, including data collection methods and statistical methods used to analyse data.
- E. Introducing the results of the fieldwork, research recommendations, and conclusion, followed by references.

B. Theoretical framework of the study:

The theoretical framework of the study consists of an overview of the general framework of the endowment and an explanation of the concept of endowment, its legitimacy, types and pillars. It also contains an explanation of endowments in the Kingdom of Saudi Arabia and its stages of development and an elucidation of the entities listed under the endowments sector in the Kingdom. Such entities comprise companies, endowment institutions and endowments under the management and supervision of the General Authority for Endowments, as well as the endowments of NGOs. This part of the study presents the regulations and systems of endowments in the Kingdom. It also introduces in detail the regulations governing the work of the superintendents and the project principles draft of endowments governance adopted by the General Authority of Endowments since mid-1442 AH, which aims to urge endowment entities to shift towards institutionalisation and application of the best governance standards and

practices.

The second main part of this framework presents the general framework of the accounting system for endowment entities and its components, clarifying the reality of the accounting system for endowment entities in the Kingdom. It also put forward an explanation of the role of the Saudi Organization for Auditors and Accountants in orienting endowment entities to apply accounting standards to non-profit establishments, as well as accounting standards to institutions and companies where the endowment money will be invested. This framework conveys also the importance of the unified manual instructions or guides for accounts (chart of accounts), which the Authority is currently seeking to develop in order to facilitate the preparation of financial statements for endowment entities. It concludes with a clarification of the accounting system difference in endowment entities, the need to develop accounting standards for endowments, and the efforts made by international organizations and bodies to issue special accounting standards for endowments.

1- General Framework of the *Waqf*

Waqf has unique features different from other economic and social institutions, as it has been distinguished by its own legislation, rules, and regulations that define the procedures, rules, and methods governing the *Waqf*.

Linguistically or lexically, *Waqf* with a *fatha* (Arabic short vowel a) of its “waw”, *sukun* (Arabic null vowel) of its *Kaf*, draws its meaning from the concept of locking up money for a given party. It has two plural forms: *awqaf* and *wuquf*. The word “waqf” or “endowment” comes from the Holy Qur’an⁽¹⁾, as the Almighty said: **“But stop them, verily they are to be questioned.”**⁽²⁾ Terminologically or contextually, *waqf* refers to: “one’s commitment to grant an asset to one of the servants (people), and giving charity without even specifying the nature of its benefit to the poor or for

(1) معجم لغة الفقهاء، قتيبي قلعة جي، دارس النفائس، الطبعة الثانية، 1408هـ، ص 392.

As-Saaffat, verse, 24 (2)

any righteous purposes”⁽¹⁾, and the *Waqif* is endower of an asset, and the *mawquf* ‘*alayh* is the person who benefits from endowment, and the *waqf* is the asset endowed or granted to a specific party.⁽²⁾

The endowment, as stated in the first article of the statute of the General Authority for Endowments, is divided into three types⁽³⁾: Civil endowment, the benefit of which is granted to certain individuals or their descendants, be they relatives or the offspring or others. It is based on the commitment of granting its profits or proceeds as a charity to the endower himself and his descendants after his death or others under conditions set up by the endower, for example The endower may require that it should be transferred to a righteous authority once the beneficiaries are no longer taking profit from the *waqf* (in which case it is considered initially a civil endowment and a charitable endowment in the end). The charitable endowment is called the general endowment, which means according to the endower granting proceeds of the endowment to incessant charitable bodies, whether they are specific such as the poor and needy, or public charitable bodies such as mosques, schools, hospitals, and so on, i.e.: It is a special endowment, the benefit of which is made for one or more righteous parties, and anyone taking profit from it for the sake of getting closer to Allah The Almighty. The joint endowment is a combination of two things, or it may begin as a civil endowment. Then, it ends up being a charitable endowment when descendants of the endower are no longer beneficiaries. This is due to the condition of the endower which combines both the civil and charitable endowments.

The endowment has four pillars⁽⁴⁾: the endower (*waqif*), endowment beneficiary (*mawquf lah*), the endowment (*mawquf*), and the form of endowment;

(1) الوصية والوقف في الإسلام: مقاصد وقواعد الإسكندرية، محمد كمال الدين إمام، 1999م، منشأة المعارف، مصر، ص 189.

(2) المؤسسة الوقفية ودورها في تمويل التنمية، جهيدة ركاش، مجلة أبحاث، المجلد السادس، العدد الأول، 2021م، ص 541.

(3) نظام الهيئة العامة للأوقاف الصادر بموجب المرسوم الملكي رقم (م/11)، بتاريخ: 1437/2/26هـ.

(4) الوقف الإسلامي: دراسة في الأركان وطرق التعامل معه، المجلة العالمية للدراسات الفقهية والأصولية، عبد الله عبد المناس، المجلد الأول، العدد 1، 2017م، ص 9.

The *endower* is the owner of what was endowed, and the person who wanted that endowment to be endowed. For the endowment to be valid, the endower must be fully capable: to be sane, adult (it is not valid for a minor to be an endower). The *endowment beneficiary* is the party benefiting from the endowment, and the jurists have stipulated conditions for this, the most important of which are: that it must be an incessant charitable body because the purpose of the endowment is the reward continuance for the endower maintaining its expenditures on good causes. Thus, the beneficiary will not take hold of the endowment alone. If it is specific, it must satisfy all conditions of ownership. The *endowment* refers to the endowed or inalienable asset which is subject to certain conditions: this endowment must be fully owned by the endower at the time of the endowment, and be a known evaluator. The *formula* is the linguistic expression of the endower's will, which is of two parts: explicit and a metaphor. The explicit formula is an expression used by the endower like: "I inalienably endow or I votively offer." As for the metaphor, it refers to tacit words holding the meaning of endowment and others such as "I gave charity and gave money to the poor or for Allah's sake and so on."

Endowments in the Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia has taken interest in the domain of endowments and special care of them since its establishment by King Abdul Aziz (may God have mercy on him). As a result, the affairs of endowments were attached to the Shari'a courts until a special department was established to manage them. Interest in endowments proceeded on until the Ministry of Hajj and Endowments was established in 1381 AH, and then a ministry was allocated for Hajj independently of endowments, and endowments were affiliated to The Ministry of Islamic Affairs, Endowments, Dawah and Guidance, which was established during the reign of the Custodian of the Two Holy Mosques King Fahd bin Abdul Aziz (may Allah have mercy on him)⁽¹⁾.

The Supreme Council of Endowments Law was issued by Royal Decree No. (M/35) on 18/7/1386 AH, which included the organization of

(1) اهتمام المملكة العربية السعودية بالأوقاف، أحمد الضويان، مقالات ساعي، 2021/10/21م، <https://saeec.org.sa>

sub-councils of endowments in various regions of the Kingdom. The law had an impact on endowments as it takes care of their affairs, preserves them, and works on ways to exploit and develop them. Carrying on the state's efforts to promote the endowment sector in the Kingdom of Saudi Arabia, an establishment of the General Authority for Endowments was issued pursuant to Royal Decree No. (M/11) on 2/26/1437 AH. According to 2020 statistics, the value of assets received by the General Authority for Endowments amounted to about 54 billion riyals (14 billion riyals managed by the General Authority for Endowments, and 40 billion riyals managed by other parties), while the Kingdom's courts record more than 600 endowments annually.

According to the geographical division, the endowments of the Two Holy Mosques are the largest spot in the world that embraces charitable and family endowments, and the previous figures embody the vital importance of this sector and its role in strengthening the national economy. Importantly enough, the expected volume of endowments in 2030 is 348.75 billion riyals, according to the Endowments Economics Report issued by the Shari'a Chamber for the year 2020. The number of existing endowment projects in the Kingdom is estimated at more than 120,000 entities or properties. The endowment sector represents part of the important sectors in the Kingdom of Saudi Arabia, as Vision 2030 targeted the contribution increase of the non-profit sector. The endowment sector represents part of the latter by raising its contribution to the GDP from 1% to 5%, which confirms Vision 2030 seeking to activate the state's resources and improve its performance⁽¹⁾.

In order to consolidate the experience of endowments in the Kingdom of Saudi Arabia, we mention some endowments that have had a significant impact on moving the wheel of development forward, including Al-Anoud Investment, an institution for managing charitable and endowment works that contributed to the development of the national economy, where the value of endowment investments for Al-Anoud is estimated at (1.6) billion Saudi riyal. One of Al-Anoud's investments is Al-Anoud First Tower which is the third largest tower in Riyadh generating an income estimated at (36)

(1) اهتمام المملكة العربية السعودية بالأوقاف، المرجع السابق، مقالات ساعي.

million riyals annually. This Tower represents also the second most recent real estate investment of the institution, the total value of which amounts to (260) million riyals⁽¹⁾. Mohammed Al-Rajhi's endowments were founded in 1415 AH – 1994 AD in Riyadh City by Sheikh Muhammad bin Abdul Aziz Al-Rajhi, and consist of five sectors: agricultural, real estate, investment, hotel, and charitable sectors. The number of endowments which Sheikh Muhammad Al-Rajhi (may Allah have mercy on him) endowed amounted to approximately (21) typical endowments covering a number of areas and regions⁽²⁾. On the other hand, the Endowments of King Abdul Aziz gave rise to a cornerstone laying of King Abdullah's project (may Allah have mercy on him) which ended officially on January 20th, 2007 under the name "King Abdulaziz Endowment". The project involves a high-quality architectural structure that includes seven towers of residential space, a huge commercial centre, as well as central markets and a restaurant area. King Abdul Aziz Endowment is characterized by its proximity to the Grand Mosque and its direct connection to the external courtyards of the Haram. It is located at the top of the endowment, the highest and largest clock in the world. This endowment or project is also one of the largest residential and commercial buildings in the world. It covers an area of (1,500,000) square meters consisting of seven adjacent towers of varying heights⁽³⁾.

Another example concerns the Scientific Endowment of King Abdulaziz University⁽⁴⁾, which is the first scientific endowment established in the Kingdom, aiming at reviving the Sunnah of the Islamic Endowment. Its function is to build and develop society by accepting and investing donations or endowments in kind and cash, and spending their revenues on growing quality projects, which depend mainly on the use of science for community development in several research, social economic, health, and environmental fields.

Entities listed under the Endowments Sector:

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- (1) "المؤسسات الوقفية الرائدة، غرفة الشرقية، لجنة الأوقاف"، 2018م، ص43.
- (2) "الكتيب التعريفي بأوقاف" الشيخ محمد بن عبد العزيز الراجحي، ص8.
- (3) موقع الهيئة العامة للأوقاف، نماذج وقفية: <https://www.awqaf.gov.sa/ar>
- (4) موقع اللجنة الوطنية للأوقاف بمجلس الغرف السعودية، تجارب وقفية ناجحة: <https://www.nca-sa.com/site/Home>

First: Endowment companies⁽¹⁾: It can be defined as “a capital sharing contract between two or more endowments in a for-profit project spending the resulting benefit for the sake of Allah”. Its types are a joint stock endowment company and a limited liability endowment company.

Second: Endowment institutions: “a special unit with a legal personality that manages endowment assets allocated in the light of the provisions of Islamic Shari’a, and according to the endower’s pretext to finance acts of charity”⁽²⁾.

Third: Endowments under the management and supervision of the General Authority for Endowments: The General Authority of Endowments shall carry out the supervision entrusted to the endowments or the management of endower that have a superintendent other than the Authority, at the request⁽³⁾ of the endower or the supervisor⁽³⁾.

Fourth: Endowments of NGOs: It has been defined as “an organizational entity established by NGOs in accordance with the approved regulations to implement specific development objectives that serve the purposes of the endowment”. Its types can be introduced as follows⁽⁴⁾: The first type: endowment assets that are endowed by a natural or legal person, and their allotments should initially be granted to the NGO and eventually – in the event of the dissolution of the organisation, putting its work to an end – to another beneficiary determined by the endower. The second type: endowment assets that the association endows through donation campaigns, whose supervision is limited to members of the Board of Directors in their legal capacity, and whose bank is proper to the association or one of its programmes. The third type: endowment assets that the association endows from investment proceeds, and whose supervision

(1) تأسيس الشركات الوقفية: دراسة فقهية تأصيلية، خالد عبد الرحمن الراجحي، ورقة علمية مقدمة للمؤتمر الخامس والعشرين لهيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية، جامعة طيبة، 2016م، ص 26-32.

(2) تأسيس الشركات الوقفية، مرجع سابق، ص 15.

(3) نظام الهيئة العامة للأوقاف الصادر بموجب المرسوم الملكي رقم (م/11)، بتاريخ: 26/2/1437هـ.

(4) الدليل الإرشادي لتأسيس أوقاف الجمعيات الأهلية، إبراهيم السماعيل، دار مؤسسة ساعي لتطوير الأوقاف، الطبعة الأولى، 2019م، ص 15-16، 23.

is limited to members of the Board of Directors in their legal capacity, and its bank shall be owned by the association or one of its programmes.

Associations are subject to several regulations, including the Law of Associations and NGOs issued by Royal Decree No. (M/8) dated 19/2/1437 AH, and the Executive Regulations of the Law of Associations and NGOs issued by the decision of His Excellency the Minister of Social Affairs No. (73739) dated 11/6/1437 AH.

Regulators and supervisors of endowment entities

All endowment entities are subject to the supervision of the General Authority for Endowments which supervises all public, private (civil) and joint endowments, in accordance with what is stated in Paragraph (5) of Article Five of this law. This authority supervises the work of the supervisors (*nadhers*) appointed by the endowers within the limits required by the regulations, and without violating the terms of the endowers or interfering with the work of the supervisors. The General Authority for Endowments is considered a legal entity⁽¹⁾ which enjoys financial and administrative independence affiliating to the Prime Minister. Its headquarters are in Riyadh where the General Authority for Endowments was established in the year 1431 AH, and its system was issued in 1437 AH. The Authority was established to enhance the role of endowments in economic and social development and social solidarity. The Authority also aims to organize, preserve, and develop endowments in a way that fulfils the conditions of their endowers.

All endowments are documented in accordance with what is stated in the Shari'a pleading system⁽²⁾ that whoever wishes to register the endowment must submit to the competent court proof of his ownership of the property to be endowed. After documenting the endowment in the competent court by obtaining a legal instrument and proving his ownership of what he wants to endow, the General Authority for Endowments registers the endowment, after ensuring that the endower's record is free of reasons preventing

(1) الملف التعريفي للهيئة العامة للأوقاف، نسخة منشورة على موقع الهيئة، ص 4-18.

(2) المادة: العشرون بعد المائتين، من نظام المرافعات الشرعية السعودي، الصادر بالمرسوم الملكي رقم (م/1)، بتاريخ: 22 / 1 / 1435هـ.

such a registration from being carried out⁽¹⁾. The General Authority for Endowments issues licenses to practice commercial activities⁽²⁾.

The following table No. (1) demonstrates the rules and regulations to which endowments are subject in the Kingdom.

Table 1: Rules and Regulations Relevant to Endowments

figure	Name of rule or regulation
1	Regulation of the General Authority for Endowments issued by virtue of a Royal Decree No. (M/11) on 26/2/1437 AH.
2	Regulation of the works of supervision (<i>nadharah</i>) issued by virtue of a Resolution issued from the Council of Ministers No. (286) on 21/5/1442 AH.
3	Saudi Shari'a Pleadings Law 1435 AH.
4	Regulation of the General Commission for the Guardianship of Trust Funds for Minors issued by the Saudi Council of Ministers on 12/3/1427 AH.
5	Regulation of the Ministry of Commerce issued by virtue of a Resolution issued from the Council of Ministers No. (66) on 6/4/1374 AH.

The regulation administering the works of the supervision (*nadharah*) is concerned with setting the foundations and instructions that regulate the work of the *nadharah* function, its rights and duties, and all that guarantees its sustainability and governance. This could thus strengthen its relationship with all relevant authorities, including beneficiaries, supervisory authorities, and entities dealing with the endowment from public or private sector institutions⁽³⁾.

On Monday, 16 Sha'aban 1442 AH, the General Authority of Endowments presented preliminary draft principles of endowment governance, with the aim of presenting them to the public to express views targeting those interested and working in the endowment sector in particular⁽⁴⁾.

(1) الفقرة الأولى من المادة: الخامسة، من نظام الهيئة العامة للأوقاف، الصادر بالمرسوم الملكي رقم (م/11)، بتاريخ: 26/2/1437هـ.

(2) الملف التعريفي للهيئة العامة للأوقاف، نسخة منشورة على موقع الهيئة، ص22.

(3) لائحة تنظيم أعمال النظارة، نسخة منشورة على موقع الهيئة العامة للأوقاف: <https://www.awqaf.gov.sa/ar>

(4) أخبار الهيئة العامة للأوقاف، الهيئة العامة للأوقاف تطرح مسودتي مشاريع تنظيمية لإبداء الرأي. 2021/3/29م.

The principles of governance of endowments contain 11 organizational chapters in legal articles, most notably: the committees of the endowment board, endowment management, the regulatory environment, the external auditor, governance of endowment investments, disclosure and transparency, conflict of interest, the code of ethics and professional conduct, in addition to determining the mechanism for documents retention⁽¹⁾.

2- Concepts of the Accounting System for Endowment Entities:

The expansion which the endowments witness in the systems and issues proper to it must be matched by an appropriate accounting system that keeps pace with this expansion. Such an accounting system aims at unifying the rules and foundations of accounting treatments and practices. That is why, it has become necessary to have general and special rules addressing the accounting issues and treatments that arise in endowment entities.

The financial accounting system consists of inputs, outputs and processes that are carried out according to a set of principles. They are governed by several standards which contribute to providing more appropriate financial information reflecting honestly operations and events, and are comparable between entities of the same nature.

Endowment establishments require a constant flow of financial information in order to survive and continue to carry out their activities and achieve their objectives. And, it is the accounting system which produces this type of information, and its chief aim for endowment entities is to provide financial information compatible with the foundations and standards and communicate it to end users. In the absence of an effective accounting system that seeks to regulate and control financial operations, the endowment may be exposed to the disruption of its benefits or its demise.

The accounting system of endowments is unique and capable of identifying, organizing and managing the basic pillars of the endowment, such as the endowment, the supervisor (*nadher*) and the endowment funds.

(1) صحيفة عكاظ، مشروع مبادئ لحوكمة الأوقاف، 2021/4/25م.

It also includes several accounting bases that include the accounting unit, namely: endowment funds, legal personality and continuity⁽¹⁾.

The accounting system for the endowment⁽²⁾ consists of interconnected elements that interact within the framework of appropriate accounting foundations, according to a series of accounting procedures, tools and methods that produce accounting information about the endowment funds. The accounting system in endowments is based on the jurisprudential and Shari'a provisions of the endowment.

The accounting system operates in accordance with the accounting principles and policies. It consists of the accounting manual, documentary collection, accounting book and financial statements⁽³⁾.

There are three methods of accounting for endowment funds: either the competent authorities are responsible for endowments accounting, or it is the responsibility of endowers themselves, or the judiciary supervises the accounting of endowment funds. In order to improve the administrative and accounting status of endowments, this requires the existence of a specialized accounting system that takes into account the aforementioned methods⁽⁴⁾.

The accounting system for endowment entities contributes to the following achievements⁽⁵⁾: preserving the endowment funds, conveying the endowment rights through disclosure of endowment rights, their obligations and changes during the fiscal year, and measurement and analysis of the impact of financial transactions on endowment funds which took place during that period to take the necessary decisions.

The accounting system for endowment establishments also contributes

(1) تطوير نظام محاسبة الأوقاف: نظرة تحليلية لواقع محاسبة الأوقاف في الدول الإسلامية، أمل عبد الحسين الإبراهيمي، مجلة كلية الفقه، المجلد الخامس عشر، العدد الثاني، 2012م، ص 16.

(2) الأحكام الفقهية والأسس المحاسبية للوقف، مرجع سابق، ص 210.

(3) الأصول المحاسبية للوقف وتطوير أنظمتها وفقاً للضوابط الشرعية، محمد عمر، منتدى قضايا الوقف الفقهية، الأمانة العامة للأوقاف، الكويت، 2011م، ص 10.

(4) تطوير نظام محاسبة الأوقاف: نظرة تحليلية لواقع محاسبة الأوقاف في الدول الإسلامية، مرجع سابق، ص 17.

(5) الأحكام الفقهية والأسس المحاسبية للوقف، مرجع سابق، ص 209 - 210.

to the analysis of expenses and revenues of endowment funds, investments and earnings during the period to assist in performance planning, controlling and evaluating it. The system further ensures that the endowment management adheres to Shari'a rulings, and provides information in the form of financial statements that reflect the movement of cash flows and its impact on the financial position of the endowment at the end of the financial period.

Among the most important elements of the accounting system for endowment entities⁽¹⁾: Documentary documents and cycles: This includes transferring the data of financial transactions related to the endowment after sorting out, reviewing and establishing accounting guidance in accordance with accounting principles to be recorded in books and records. Accounting records and books: documents which are subject to a set of accounting operations and are embodied in proof, classification, measurement, analysis, summarizing, presentation and disclosure. Accounts Charts: The guide is considered in the implementation of accounting operations, and the accounts are numbered in a specific sequence to facilitate the process of recording transactions. Financial statements and reports: These include information about the financial transactions of the endowment during a certain period of time that helps the endowment management in decision-making of various types.

The application of accounting foundations and principles contributes to many advantages for endowment entities, including confidence in the accuracy and reliability of financial statements⁽²⁾. In this regard, Dr. Hussein Shehata explained the accounting foundations that are congruent with the nature of endowment entities. He based his claim on the jurisprudential provisions of endowments, the foundations of accounting thought, and the concepts, foundations, and standards issued by bodies and organizations for Islamic financial institutions and non-profit organizations.

The most prominent accounting bases of the endowment are as

(1) الأحكام الفقهية والأسس المحاسبية للوقف، مرجع سابق، ص 210-211.

(2) الأصول المحاسبية للوقف وتطوير أنظمتها وفقاً للضوابط الشرعية، مرجع سابق، ص 449.

follows⁽¹⁾: The financial independence of the endowment, continuity of endowment (perpetuity), the financial period of the endowment, the historical recording of endowment transactions, revenues and expenses matching, and disclosure. There are also other bases for accounting for the endowment embodied in monetary measurement, where endowment transactions are fixed on the basis of the prevailing monetary units and the basis for assets assessment at historical cost. Assets in this case are based on their cost upon acquisition. The accounting basis of the endowment means the rule governing the processes of proof, measurement, presentation and disclosure, as well as the basis for the financial evaluation of endowment, its understanding and interpretation⁽²⁾.

Components of the accounting system in endowment entities:

Any system is built on a set of basic components which are part and parcel of the system. The main components of the accounting system are represented in the inputs embodied in the basic documents and operations which express the technical aspect of the system and the outputs constituting the final product of the accounting system. The last component of the system is feedback, the aim of which is to control the system operations and ensure that this system works according to what has been planned. The following are the components of the accounting system in endowment entities:

First: Charts of Accounts:

The charts of accounts are a guide in the implementation of accounting operations and the operation of the accounting system of the endowment, starting with the process of collecting, sorting out and recording documents in the books, then preparing and presenting the financial statements. The charts of accounts consist of groups of accounts where each group is assigned a number, and another number is assigned to each account within the group called coding⁽³⁾.

(1) فقه ومحاسبة الوقف، حسين شحاته، دراسة مقدمة إلى هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية، ص 7، 8، 9.

(2) الأحكام الفقهية والأسس المحاسبية للوقف، مرجع سابق، ص 160-161، 166.

(3) الأحكام الفقهية والأسس المحاسبية للوقف، مرجع سابق، ص 239.

The items of accounts in the endowment differ from for-profit establishments in several respects, including⁽¹⁾:

A- Ownership rights in profit-oriented entities are mainly based on capital, which is thus formed in reserves and profits carried over. As for the endowment, there exist no ownership rights on the endowment money to others, so its ownership is attributed to the endowment *per se*. Therefore, the balance of the endowment money or the rights of the endowment money emerge instead of the capital.

B- The endowment accounts do not include accounts for profits, which represent the rights of the owners of the project in profit-making entities. Instead, an account may appear for the yield or revenue of the endowment, which represents a right for the endowed persons.

Second: Inputs of the accounting system in endowment entities:

It is the transactions and documents of a financial nature that occur in the entity, and are documented by a document on specific dates. They constitute the main element for the accounting registration.

Third: Accounting Operations in Waqf Entities:

The inputs of the accounting system in endowment entities are processed through the accounting cycle, reflected in the accounting procedures used to prove, measure, display and disclose financial operations⁽²⁾.

- Accounting proof of the endowment: The term proof refers to the recording of all endowment transactions including resources, expenditures, revenues and expenses.

- Accounting measurement of the endowment: the fact that the transactions were translated into cash or in kind to indicate the rights of the endowment and present the results of the endowment work and the financial position.

(1) الأصول المحاسبية للوقف وتطوير أنظمتها وفقاً للضوابط الشرعية، متدى قضايا الوقف الفقهية، مرجع سابق، ص9.

(2) الأحكام الفقهية والأسس المحاسبية للوقف، مرجع سابق، ص 169-170، 173.

- Presentation and disclosure: the fact that accounting information about endowment transactions is presented in the form of financial statements and reports with their interpretation to assist its users in obtaining truthful information, and to reassure the endowments in achieving the objectives set for the endowment⁽¹⁾.

Accounting standards are considered the rules that govern and direct accounting practices serving as a link between generally accepted accounting concepts and adopted accounting practices. Such standards are a translation of accounting concepts and axioms into technical rules to guide accounting work in maintaining accounting books and preparing financial reports⁽²⁾. The basic components of the accounting standard involve three parts, namely: the introduction to the standard which includes a description of the scope of application of the standard and a list of terms used in the accounting standard. The second part includes an explanation of the standard comprising a statement of its importance and the required accounting policies to be adopted. It also includes the origin of the accounting standard involving the accounting disclosures required in the financial statements in sync with this standard and the effective date of the scope of the accounting standard.

The importance of accounting standards is embodied in the fact that they do not let the entity's management to choose freely the accounting policies upon which it builds its accounting system⁽³⁾. Accordingly, there must exist accounting standards and guidelines from professional organizations specialized in accounting endowments. All endowment entities must adhere to them to unify accounting treatment, so that these standards should specifically address what follows: preparing financial accounts (measurement and evaluation of endowment assets), and reporting stage and financial statements (presentation and disclosure)⁽⁴⁾. In order to issue

(1) المحاسبة المالية وفق المعايير الدولية للتقرير المالي، والتر هاريسون، ترجمة الهيئة السعودية للمحاسبين القانونيين، الطبعة التاسعة، 2019م، ص 104.

(2) هل نحتاج إلى معايير محاسبية خاصة بالأوقاف الإسلامية؟ عبد الله عائض، بتاريخ: 2014/3/8م.

(3) الأصول المحاسبية للوقف وتطوير أنظمتها وفقاً للضوابط الشرعية، مرجع سابق، ص 11- 446.

(4) حوكمة الوقف وعلاقتها بتطوير المؤسسات الوقفية (دراسة تطبيقية)، إسما عيل مومني وأمين عويسي، الأمانة العامة للأوقاف، إدارة الدراسات والعلاقات العامة، دولة الكويت، الطبعة الأولى، 2018م، ص 67.

unified standards for endowments, work must be done in two stages, which can be described as follows:⁽¹⁾

- 1- Preparing accounts, evaluating and measuring endowment assets, and any transactions related to these assets are mostly processed using accounting standards applied in for-profit entities.
- 2- Preparing financial statements for endowment entities, where all financial transactions are displayed during a specific period. They also show the extent to which these endowments contribute to satisfy the endower's condition; this is reflected in the amount of their contribution to the development of society during that period.

Fourth: Outputs of the accounting system in endowment establishments:

The outputs of the accounting system are introduced in the accounting reports and financial statements produced by the system. All these are the final product of the accounting system. Reports can be in the form of accounting lists for parties outside the entity, or reports and lists used within the entity for purposes concerned with planning, controlling, decision-making, and following-up. Account reports are the most commonly used in providing outputs of the accounting system for end users⁽²⁾.

In light of the Financial Reporting Standard for Endowment Institutions No. (37), the standard mentioned the objectives that must be achieved in the financial reports of endowments, which require that the endowment institution provides a custodianship function, and that it should be accountable to the stakeholders while ensuring that the endowment's objectives are achieved effectively and efficiently so that the stakeholders can evaluate the endowment properly⁽³⁾.

Accounting for endowments aims to show the results of the activity and the financial position and provide sufficient information to make decisions.

(1) هل نحتاج إلى معايير محاسبية خاصة بالأوقاف الإسلامية؟ مرجع سابق.

(2) نظم المعلومات المحاسبية الحاسوبية، (Ibid: p. 178).

(3) معيار المحاسبة المالية رقم (37)، التقرير المالي للمؤسسات الوقفية، هيئة المحاسبة والمراجعة للمؤسسات الإسلامية (أيوبي)، 15/12/2020م، ص52.

This is done by preparing and presenting periodic and final financial statements. Among these lists that are prepared in endowment entities are the following⁽¹⁾:

- A list of the endowment's financial position,
- A list of the endowment's revenues and expenses, The distribution
- A list which shows the net revenues and how these revenues are distributed between what is maintained in the reserve items for rebuilding and replacing the endowment and what is spent on the endowment's goals and objectives,
- A list of cash flows
- A list of changes in the endowment's ownership rights⁽²⁾.

The Accounting System in Endowment Entities in the Kingdom of Saudi Arabia:

The Saudi Authority for Certified Public Accountants and Auditors directs endowment entities to work in accordance with the accounting standards for non-profit entities. It also applies the accounting standards for profit-making entities to commercial institutions owned by the endowment and companies in which it invests or owns shares. When there are regulatory requirements or the need for external parties to prepare financial statements for the endowment as a whole, unified financial reports are prepared including these institutions and companies in accordance with the accounting standards for non-profit entities, given that the endowment does not ultimately aim for profit. This is because the accounting standards for non-profit entities stipulate that they have, among others, the following characteristics:

- They substantially receive donations,

(1) تطوير محاسبة الوقف الإسلامي في ضوء معايير الإبلاغ المالي الدولية، بومدين نورين، محمد هني، مجلة دراسات العدد الاقتصادي، المجلد العاشر، العدد الثاني، 2019م، ص 143.

(2) معيار المحاسبة المالية رقم (37)، التقرير المالي للمؤسسات الوقفية، هيئة المحاسبة والمراجعة للمؤسسات الإسلامية (أيوبي)، 2020/12/15م، ص 40.

- They involve voluntary, charitable or social goals which are not related to profit-making
- They should not include a property at the disposal of a specific owner; rather, it has been stipulated that this is excluded from the scope of profit-seeking economic entities .⁽¹⁾

The endowment has a legal personality defined by the legal instrument, while the entity in which investments are held (whether it is a company or an individual institution) also has a legal status and has its assets and obligations. Based on the implications of the concept of the accounting unit (the financial reporting unit), the accounting records and commercial institutions owned by the endowment, as well as its financial statements, are the records of those companies and institutions and not of the owner, whether this is related to an endowment, partners, individual shareholders, companies, or other parties and groups concerned with the entity. Whether a company or institution invests in the entity makes no difference, as a statement of concepts confirms that “the concept of the accounting unit is equally important for both the joint-stock company and the individual entity. Even if the entity does not take the organizational form of a company, so that it does not have the legal personality that gives it the legal right to ownership of the assets allocated to the entity, such assets are considered from the point of view of financial accounting, the assets of this accounting unit itself”. Based on what is mentioned above, a distinction must be made between the accounting unit of the endowment as a legal entity in its capacity as an investor, and the accounting unit or units holding investments for which it is necessary to prepare financial statements in accordance with the requirements or needs of entities⁽²⁾.

Considering the endowment among the non-profit entities, the Saudi Organization for Certified Public Accountants (SACPA)⁽³⁾ stated that

(1) الهيئة السعودية للمراجعين والمحاسبين القانونيين، استفسار حول المعايير المحاسبية الواجبة التطبيق على الأوقاف والمنشآت التجارية التي تستثمر فيها، 2015/4/28م.

(2) الهيئة السعودية للمراجعين والمحاسبين القانونيين، استفسار عن معايير المنشآت غير الهادفة للربح، رقم (76)، تاريخ الاستفسار: 2018/8/6م.

(3) الهيئة السعودية للمراجعين والمحاسبين القانونيين، المسمى المناسب لإطار التقرير المالي للمنشآت غير الهادفة للربح، رقم (107)، تاريخ الاستفسار: 2020/5/31م.

:it had issued a set of accounting standards for non-profit entities. The Organization decided that entities choosing to apply these standards must also apply the International Financial Reporting Standard for small and medium-sized entities, which are not addressed by the standards issued by the aforementioned Organization.

As for the financial statements⁽¹⁾, the entity can describe the financial reporting framework (the basis for preparing the financial statements) in detail as follows:

...“in accordance with the accounting standards for non-profit entities approved of in the Kingdom and the requirements for proof, measurement and disclosure introduced in the International Financial Reporting Standard (IFRS) for Small and Medium Entities (SMEs) (or in the full version of the international standards if the entity chooses to apply the requirements of the full version) approved of in the Kingdom, in matters not addressed by the standards.” Accounting for non-profit entities issued by the Organization and other issues approved of by the Saudi Organization for Certified Public Accountants appropriately suited to the circumstances of the entity”.

With regard to endowment yields, the Organization⁽²⁾ stated that the accounting standards for non-profit entities did not cover the details of how to deal with endowment yields when approving them, and how to spend them. Therefore, it is necessary to consider the method of disclosing yields and the accounting treatment that contributes to presenting a realistic and fair picture, along with providing detailed data within the accounting policies and attached clarifications, taking into account the texts of the endowment instrument and the requirements of the endower.

If, for example, the texts of the endowment instrument stipulate that disbursement shall be from the yields approved for the endowment on specific banks, and that these yields are calculated based on the endowment’s revenues, deducting expenses, reserves, and the necessary adjustments, then

(1) الهيئة السعودية للمراجعين والمحاسبين القانونيين، المسمى التعامل مع الغلة عند اعتمادها والصرف منها، رقم (120)، تاريخ الاستفسار: 2021/10/20م.

(2) الهيئة السعودية للمراجعين والمحاسبين القانونيين، المسمى التعامل مع الغلة عند اعتمادها والصرف منها، رقم (120)، تاريخ الاستفسار: 2021/10/20م.

this means that the approved yields for disbursement in the endowment's banks must be proven at the time of their approval by the authorized holder as amounts recorded in the list of activities and for disbursement in accordance with the endowment instrument. Then, the restriction is removed for disbursement in the approved banks (and accordingly, before disbursing, the corresponding amounts for those amounts scheduled to be disbursed are reclassified/transferred from the restricted net assets to the unrestricted net assets in accordance with paragraph (119) of the standard for non-profit entities within transfers between categories of net assets). Afterwards, disbursement is made from unrestricted net assets according to paragraph (116) of the standard. The same applies if the endowment instrument stipulates that certain reserves of yield should be set aside for a specific purpose. They will be classified among the restricted net assets until this restriction is met, and the corresponding amount is reclassified from the restricted net assets to the unrestricted net assets, or the net endowment assets when used in accordance with the provisions of the endowment instrument.

The General Authority for Endowments aims to develop a unified guide for the accounts (chart of accounts) for endowments that complies with the standards that are appropriate for non-profit entities, and characterized by ease and clarity to be compatible with accounting systems and programmes. This guide also aims to support the development and design of a large and diverse number of financial reports that serve all levels from executive management to supervisory bodies; such endeavours assist the Authority and the supervisors in preserving the endowment's funds and investments⁽¹⁾.

Several mandatory requirements have been issued in the regulations regulating the supervisory business obligating the endowment supervisor to follow several procedures for financial and accounting work, which are as follows:⁽²⁾

(1) موقع منصة اعتماد، اسم المنافسة: (الدليل الاسترشادي الموحد للحسابات شجرة الحسابات للأوقاف)، رقم المنافسة: 1100000046.

(2) لائحة تنظيم أعمال النظارة، نسخة منشورة على موقع الهيئة العامة للأوقاف:

<https://www.awqaf.gov.sa/ar>

- 1- Creating one or more bank accounts in the name of the endowment with banks operating in the Kingdom, through which all financial transactions related to the endowment are conducted and its affairs are managed, without mixing the endowment's funds with personal funds.
- 2- Recording all financial transactions of the endowment in Arabic.
- 3- Maintaining endowment documents and correspondence regularly.
- 4- Preparing the estimated budget for all endowment activities, taking into account its current and future needs, and preparing financial statements audited and approved by accountants and auditors accredited by the Saudi Organization for Auditors and Accountants for large and medium endowments. As for large endowments, they are defined in the regulations as endowments with a total value of assets amounting to 200 million Saudi riyals or more. As for medium endowments, they are defined as endowments whose total value of endowment assets ranges from 50 million Saudi riyals to less than 200 million Saudi riyals.
- 5- Preparing an annual financial statement that shows the endowment's revenues and expenses, for small endowments and for endowments with direct benefits in case there are revenues and expenses. The regulations clarify small endowments as endowments whose total value of assets is less than 50 million Saudi riyals.

Some point out that the standards applied to non-profit entities can be applied to endowment entities, but the endowment entity has a unique characteristic that is not present in other entities. This necessitates the existence of special accounting standards for endowments that take these differences into account, and help the management of endowment entities manage them efficiently, effectively, and transparently, and ensure the continuity of the asset or property⁽¹⁾. To date, there have been few attempts to develop accounting standards for endowments as a guide for performance and a standard for practical application by bodies and organizations, but there are efforts by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain,

(1) إشكالية المحاسبة عن أصول الوقف الإسلامي وإمكانية تطوير معايير محاسبية تجرّبة ماليزيا، هوام جمعة وآخرون، مركز البحث وتطوير الموارد البشرية، جامعة الأمير عبد القادر للعلوم الإسلامية، 2017م، ص 16.

which issued Financial Accounting Standard (FAS) No. (37) on (Financial Reporting for Endowment Institutions)⁽¹⁾. The accounting standard sets out the basic objectives and concepts of financial reports process, as well as presentation and public disclosure in the financial statements of endowment institutions. The standard displays comprehensive requirements for accounting and financial reporting for similar endowment institutions, including public presentation and disclosure requirements, special presentation requirements such as yields requirements, and basic accounting treatments related to some aspects of endowment institutions.

3- Previous Studies:

This part of the study presents the most important previous studies relevant to the subject of the study, including:

- a) A study of 'Asiri (2019)⁽²⁾ entitled: *"The adherence of endowment entities in the Kingdom of Saudi Arabia to the requirements of the presentation and disclosure standard for the financial statements of non-profit entities: an empirical study"*.

The researcher sought to investigate the extent to which endowment entities adhere to the requirements of the presentation and disclosure standard for the financial statements of non-profit entities issued by the Saudi Organization for Certified Public Accountants. The researcher used the inductive approach in the theoretical aspect, and used the practical aspect to study the main objective of the research. This has resulted in the fact that each endowment entity designs and prepares its lists itself, which makes it difficult to compare several entities. It also became clear from the study that endowment entities do not adhere to the standard of presentation and disclosure specific to non-profit entities, but rather they are in line with the standard of general presentation and disclosure. The researcher mentioned that there are no standards and guidelines that can be relied upon for endowment entities. This is then reflected in the high cost of

(1) معيار المحاسبة المالية رقم (37)، التقرير المالي للمؤسسات الوقفية، هيئة المحاسبة والمراجعة للمؤسسات الإسلامية (أبوفى)، 15/12/2020م.

(2) "مدى التزام المنشآت الوقفية في المملكة العربية السعودية بمتطلبات معيار العرض والإفصاح للقوائم المالية للمنشآت غير الهادفة للربح: دراسة تطبيقية"، حنان علي عسيري، جامعة الملك عبد العزيز، 2019م.

implementing accounting systems in those entities, and also in the lack of awareness among some endowers regarding the importance of accounting and financial reports controlling and auditing endowment funds.

b) The study of Noreen and Hani (2019)⁽¹⁾ entitled: “*Developing Islamic Endowment Accounting in Light of International Financial Reporting Standards*”.

The researchers discussed the development of a model for measuring and distributing rents according to the accounting perspective in endowment institutions. The descriptive approach and the inductive approach were used to survey and collect information relative to the research problem of the study, and to analyse and formulate the general framework for the process of distributing rents in endowment institutions in accordance with international accounting standards. In conclusion, the study develops a model for measuring and distributing rents by determining the quality of generated revenues, identifying the yields sources, and separating all of them. In light of this, disclosure and a report on all foundations and rules in force at the end of the accounting period are achieved, which increases beneficial awareness of the financial statements of endowment institutions. This resulted in some recommendations, the most important of which are: the need to apply the rules and foundations for the process of measuring and disclosing rents, in addition to the need to pay attention to training workers in endowment institutions.

c) A study (Juma et al., 2017)⁽²⁾ entitled: “*The Problem of Accounting for the Assets of the Islamic Endowment and the Possibility of Developing Islamic Accounting Standards: The Experience of Malaysia*”.

The research was based on studying the ancient and modern procedures and rules related to accounting for endowments, in addition to developing the accounting system for endowments in Islamic countries to ensure the execution of the endowment and achieve sustainable development.

(1) تطوير محاسبة الوقف الإسلامي في ضوء معايير الإبلاغ المالي الدولية، بومدين نورين، محمد هني، مجلة دراسات العدد الاقتصادي، المجلد العاشر، العدد الثاني، 2019م.

(2) إشكالية المحاسبة عن أصول الوقف الإسلامي وإمكانية تطوير معايير محاسبية تجرّبة ماليزيا، هوام جمعة وآخرون، مركز البحث وتطوير الموارد البشرية، جامعة الأمير عبد القادر للعلوم الإسلامية، 2017م.

The methodology used studies the problematic issue based on the weak accounting and organizational competencies of endowments and the way to remedy it. Research results display an improvement in endowments documentation in Malaysia as far as the preparation of separate accounts for each type of endowment is concerned. They also reveal that the level of accounting procedures and disclosure is simple and can achieve the minimum required and expected level compared to commercial institutions, with complete absence of qualitative non-financial information deemed important in non-profit institutions, such as: the number of endowment beneficiaries. Results further demonstrate that the Islamic endowment has a specificity that necessitates the existence of accounting standards helping the management of endowment institutions in managing endowments efficiently, effectively, and transparently, and ensuring the continuity of the asset or property.

d) The study of Jaafar (2016)⁽¹⁾ entitled “*A Contemporary Vision of the Interaction of Accounting and the Governance System for Managing Endowment Institutions: The Kingdom of Saudi Arabia as Case Study*”.

The study focused on developing a model for the interaction of accounting foundations and practices in the general framework of the governance system to control the activities of endowment institutions, ensure the proper use of endowed funds, and attempt to apply it to the Al-Rajhi Endowments Charitable Foundation in the Kingdom of Saudi Arabia. The results of the study revealed that a good corporate governance system requires a certain level of disclosure and transparency of financial information, and this is what the disclosure requirements satisfy in accordance with the International Financial Reporting Standards and the standards of the Accounting and Auditing Organization for Islamic Institutions and the Islamic Financial Services Council. However, the non-mandatory application of these standards in endowment institutions may result in a difference in the amount and methods of information disclosure.

(1) رؤية معاصرة لتفاعل المحاسبة ونظام الحوكمة لإدارة المؤسسات الوقفية بالإشارة إلى حالة المملكة العربية السعودية، جعفر هني محمد، جامعة العربي بن مهيدي أم البواقي، مجلة البحوث الاقتصادية والمالية، العدد السادس، 2016م.

e) A study of Khader (2015)⁽¹⁾ entitled: *“The Foundations of Accounting Measurement in Economic Projects and their Application in Accounting for Endowments”*.

The study ensures that accounting systems for commercial businesses subject to market laws can be applied to the family endowment, taking into account the provisions of Islamic Shari’a concerned with endowments. The researcher used the historical analytical and descriptive approach and introduced vivid cases in the practical part of the study. This study reveals that the accounting system, which uses the accrual basis applied in commercial businesses, is suitable for application in the family endowment, as it enhances control aimed at preserving the endowment funds, and produces realistic financial information that helps in making sound investment decisions. The research suggests several recommendations, the most important of which are: Encouraging family endowment departments, accountants, and legal audit offices to use accounting systems for commercial businesses and apply them to family endowments, provided that the Islamic legal foundations for endowments are taken into account, through effective accounting procedures provided by the accrual basis.

f) A study of Al-Gharib (2015)⁽²⁾ entitled: *“The role of accounting and legal foundations in preserving endowed assets and developing their proceeds: Kuwait Awqaf Public Foundation as a case Study*.

The researcher focused on identifying the accounting and legal foundations adopted and their role that contributes to preserving the endowed assets. Additionally, she studied the challenges limiting the application of these foundations by suggesting solutions. The study confirmed the existence of a set of foundations that suit the nature of endowment units, rejecting any assumption which related accounting foundations to the endowment itself. Rather, Kuwait Awqaf Public Foundation practices the accounting

(1) أسس القياس المحاسبي في المشروعات الاقتصادية وتطبيقها في المحاسبة على الأوقاف، محمد عبد الله خضر، الأمانة العامة للأوقاف، إدارة الدراسات والعلاقات الخارجية، مجلة أوقاف، المجلد الخامس عشر، العدد الثامن والعشرون، 2015م.

(2) دور الأسس المحاسبية والشرعية في حفظ الأصول الموقوفة وتنمية ريعها: دراسة حالة الأمانة العامة للأوقاف - دولة الكويت، فارس عبد اللطيف الغريب، جامعة اليرموك، 2015م.

foundations in traditional accounting and international accounting standards. But, all these should not conflict with the provisions of Islamic Shari'a, as the accounting foundations contribute to the protection of endowment funds, through financial proof of information, together with information that explains the movement of resources, revenues, expenditures, and disbursements.

g) A study of Al-Ibrahimi (2012)⁽¹⁾ entitled: "Developing the Endowment Accounting System: An Analytical overview of the Reality of Endowment Accounting in Islamic Countries".

The study sheds light on the procedures and rules related to endowment accounting identifying ways to develop accounting systems for endowments in Islamic countries. The study concluded that the endowment is governed by a special nature of the accounting system. For it to be developed, it is necessary to use modern and advanced systems capable of contributing to the evaluation of financial and accounting performance accurately. The researcher stated that the concept of corporate governance and responsibility accounting can be used by linking responsibilities standards, so that performing accounting reports and evaluating the performance of these responsibilities can be possible.

h) In Jordan, Al-Rahahleh, (2004)⁽²⁾ conducted a study entitled: "Accounting and control aspects of endowment in Jordan".

The study aims to uncover the accounting and control aspects related to the endowment in accordance with the legal and legislative conditions regulating it through a comparison between the systems that were designed for the endowment and other systems. It also aims to identify the problems that hinder the processes of endowment management, control and accounting; for this pursuit, it made use of the method of analytical descriptive statistics in data analysis.

(1) تطوير نظام محاسبة الأوقاف: نظرة تحليلية لواقع محاسبة الأوقاف في الدول الإسلامية، أمل عبد الحسين الإبراهيمي، مجلة كلية الفقه، المجلد الخامس عشر، العدد الثاني، 2012م.

(2) الجوانب المحاسبية والرقابية للوقف في الأردن، محمد ياسين الرحاحلة، مجلة المنارة، المجلد الثالث عشر، العدد الثاني، 2004م.

The study concluded that the endowment requires accounting rules and foundations proper to it. They should be compatible with the policies and legal foundations regulating the endowment system. Lack of awareness among endowers limits the achievement of the true goals of the endowment. The study recommended the necessity of developing accounting and control systems in sync with Shari'a fundamentals.

Commenting on the previous studies: Previous studies displayed that endowments have a specificity which distinguishes them from other entities, requiring the existence of accounting foundations and rules proper to them – given their subjection to legal and regulatory foundations and provisions – that contribute to evaluating performance accurately. Both the study of Al-Rahahla, (2004) and that of Al-Gharib (2015) clarify the specificity of endowments and their distinction from other entities. Further, the study of Al-Ibrahimi (2012) and that of Jaafar (2016) confirmed that the corporate governance system can be used. This is to ensure the continuity of the endowment success, maintain and develop performance, identify poor performance, get to know its causes to address them, and raise the level of disclosure and transparency of financial information. Both the study of Noureen and Hani (2019) and that of Khader (2015) agreed that it is possible to benefit from the standards of profit-making entities in using the accrual basis applied in commercial business entities. This enhances control which preserves endowment funds, and produces realistic financial information that helps in making rational investment decisions and developing a framework for a model for measuring and distributing proceeds. Such a model is embodied in the quality of revenues achieved, the sources of yields, and their separation in accordance with international accounting standards. The study of Jomaa and others (2017) mentioned some of the challenges facing endowments, including the fact that the level of accounting procedures and disclosure is simple and can achieve the minimum level in the utter absence of qualitative non-financial information that is important in non-profit institutions. The study of Asiri (2019) mentioned that there is a difference between the financial statements of endowment entities, which constitute a difficulty in comparing several entities. To address these challenges, it is necessary to have accounting standards and guidelines that can be relied upon for endowment entities.

We note that some previous studies dealt with the accounting system in endowments. There are also studies that addressed topics relevant to the accounting aspects of endowments. These studies contributed in constructing essential pillars in such aspect of study, top most among which we cite what follows: formulating a theoretical framework, and benefiting from some references in developing a framework for the accounting system in endowment entities. Previous studies were also used in preparing the questionnaire questions.

What distinguishes the current study from previous studies is that this study is an extension of previous studies in terms of its treatment of the subject matter. At the same time, however, it differs from previous studies, most of which dealt with several accounting issues but did not focus on the accounting system in endowment entities. The current study is also different in that it is the first to be conducted in Saudi Arabia, unlike other studies which were held in Arab and foreign countries – to the best of the researcher’s knowledge. It is concerned with accounting in endowment entities and its reality.

Third: Methodology, study results and discussion

To achieve the goal of the research, the descriptive approach was adopted to achieve accounting systems in endowments through studying and analysing what is included in accounting thought in the field of research, literature, relevant systems, and proposed frameworks. Fieldwork was also used to study the actual reality of several endowment entities to identify them in terms of the degree of interest of such entities in the Kingdom of Saudi Arabia. To conduct the study, we apply accounting practices and systems, challenges facing endowment in applying accounting systems and practices, and the degree to which endowment entities in the Kingdom of Saudi Arabia practice the accounting and financial requirements that must be followed in accordance with regulations issued by regulatory and supervisory authorities.

Study population and sample:

The population of the current study consists of accountants, financial

managers, executives, consultants, endowment supervisors, and heads of the supervisory board and its members in endowment entities in the Kingdom of Saudi Arabia. The results concerned with the description of the sample⁽¹⁾ (52) in terms of the variable of “nature of work in the endowments” revealed that approximately (42%) of the sample works as an accountant or financial manager, (15.4%) as an endowment supervisor, and 13.5% as an endowment advisor. (17%) of the sample works as president, board member, or executive director, and (11.5%) have other professions in endowment entities. Table No. 2 shows a description of the sample in terms of the endowment type variable. Table No. 3 shows the study sample in terms of the variable endowment banks in which the participants work. As for table No. 4, it demonstrates the study sample in terms of the variable of size of the endowment assets that the participants engage.

Table 2: Study sample in terms of endowment type variable

Endowment Type	number	Percentage
Public Endowment: An endowment dedicated for designated or described general charity	37	71.2
Private (Family) Endowment: An endowment intended for designated or described descendants and relatives	9	17.3
Joint Endowment: An endowment which combines more than one type of endowment	17	32.7

Table 3: Study sample in terms of endowment banks variable where the participants work

Endowments banks where participants work	number	Percentage
Social and relief field	29	55.8

(1) في وصف عينة الدراسة تم فتح الخيارات أمام المستجيبين، حيث تنطبق بعض خصائص العينة على أفراد متعددين، وذلك بسبب التطبيق على عدد متنوع من الأفراد ذوي العلاقة بالمنشآت الوقفية، ونتج عن ذلك ظهور أفراد العينة في أكثر من توزيع في وصف عينة الدراسة.

Supporting charities and research centres	29	55.7
Health field	21	40.4
Media field	9	17.3
Mosques field	19	36.5
Other	20	38.5

Table 4: Study sample in terms of variable size of endowment assets in which participants work:

The size of the endowment assets where the participants work	number	Percentage
Small endowments (asset size less than 50 million riyals and more).	25	48.1
Medium endowments (asset size 50 million riyals and less than 200 million riyals and more).	10	19.2
Large endowments (asset size 200 million riyals and more).	19	36.5

· Study instrument

The current study used the questionnaire as a tool to collect data from the study sample. The questionnaire therefore is structured as follows:

The first section is devoted to the collection of personal data, whereas the second section aims at clarifying the interest of endowment entities in the Kingdom of Saudi Arabia in applying accounting practices and systems, and including 9 statements. The third section seeks to know the challenges facing endowment entities in applying accounting practices and systems including 7 statements, and the fourth section focuses on measuring the extent to which endowment entities in the Kingdom of Saudi Arabia adopt the accounting and financial requirements to be followed in accordance with the regulations issued by the supervisory and control authorities including 6 statements.

To ensure the validity of the study instrument, the referee's validity and the internal consistency validity were used as follows:

· **Validity of internal consistency:**

To ensure the validity of internal consistency, the Pearson correlation coefficient was used to calculate the degree of correlation of each statement of the questionnaire with the total axis under which it falls as well as the correlation of each axis of the questionnaire with the questionnaire as whole. The results confirmed that all the values of the correlation coefficients between the scores of the statements of the questionnaire dimensions and the total score of each dimension to which the statement belongs are high, positive, and statistically significant at the level of (0.01). This further corroborates the consistency of the items and the homogeneity and coherence of the questionnaire statements, except for the first statement in the first dimension, as is demonstrated in table 5.

Table 5: Correlation coefficient between the paragraphs of the resolution and the total axis belonging to

	Statement	Correlation Coefficient
The extent to which endowment entities in the Kingdom of Saudi Arabia take interest in applying practices and accounting systems		
1-	Each endowment entity is considered as a separate and independent accounting unit.	0.214
2-	Many endowment entities use an accounting system that provides regular accounting documents, books and records.	0.662**
3-	There is a continuous review of the accounting system in endowment entities to discover weaknesses and develop the system.	0.792**
4-	The application of the financial accounting system in endowment entities allows the provision of financial information that reflects the financial reality, and increases confidence and transparency among users of financial statements	0.453**

	Statement	Correlation Coefficient
5-	Endowment entities undertake the process of proving and measuring endowment transactions of a financial nature.	0.713**
6-	Endowment entities use the criteria of presentation and disclosure to present the results of these transactions to the concerned parties.	0.667**
7-	The existence of an independent internal audit department in endowment entities to ensure the efficiency and effectiveness of internal control systems	0.676**
8-	Endowment entities issue financial statements and review them by an external auditor, which include information on the financial transactions of endowments during a specific period of time which assists in various decision-making.	0.866**
9-	The financial statements provide information for previous periods allowing them to compare consecutive years, evaluate performance and develop future plans.	0.693**
Challenges facing endowment entities in applying accounting practices and systems		
1-	The absence of a guide regulating the accounting work in endowment entities so that it is able to identify, organize, and manage the basic pillars of the endowment, such as the endower, the manager (Al-Nather), and the endowment funds.	0.694**
2-	There is a lack of compatibility in the accounting practices applied to endowment entities at the level of the Kingdom of Saudi Arabia, which makes it difficult to compare one entity to another.	0.675**
3-	There is a double standard of accounting applied to endowment entities, which generates to differences in the definition of accounting concepts, which in turn leads to the preparation of contradictory financial statements that are not subject to comparisons.	0.798**

	Statement	Correlation Coefficient
4-	There is a need for a conceptual framework for endowment entities that constitutes a guide for the preparation, presentation, and interpretation of accounting standards, the selection of appropriate accounting methods, and addresses accounting subjects that are not covered in the considered standards.	0.637**
5-	The financial reporting standard approved in the Kingdom for non-profit entities does not provide general presentation and disclosure requirements and special presentation requirements, such as: requirements for yields and basic accounting treatments related to some aspects of endowment entities .	0.653**
6-	There is a need for developing a comprehensive accounting standard for endowment entities to ensure transparency and accountability, ensure control and adherence to accounting standards, and help manage endowment entities efficiently and effectively.	0.407**
7-	There is a scarcity of well-known legal accounting offices for endowment entities that provide them with auditing and consulting services.	0.612**
The extent to which endowment entities in the Kingdom of Saudi Arabia practice the accounting and financial requirements to be adopted in accordance with the regulations issued by the supervisory and control authorities		
1-	Informing beneficiaries of <i>waqf</i> periodically of the endowment's financial statements, especially large and medium endowments.	0.645**
2-	Preparing the internal regulations, policies and procedures necessary for managing the endowment, including those related to collecting, disbursing and investing the endowment proceeds, and reviewing and updating them on a periodic basis that suits the endowment's circumstances.	0.723**
3-	The existence of regulatory systems and controls for endowment funds, ensuring their protection, disbursement and exploitation according to the best standards.	0.909**

	Statement	Correlation Coefficient
4-	Maintaining all records of endowment entities safely for local and international operations related to financial transactions for not less than ten years after each operation.	0.766**
5-	Preparing an estimated budget for all activities in endowment entities, taking into account their current and future needs.	0.818**
6-	Preparing audited financial statements approved by accountants and auditors accredited by the Saudi Organization for Auditors and Accountants for large and medium endowments and preparing an annual financial statement showing the endowment's revenues and expenses for small endowments and endowments with direct benefit.	0.671**

The results of calculating the Pearson correlation coefficient between the questionnaire axes and the total questionnaire are as shown in Table 5. It is noted from the table that all the values of the correlation coefficients between the dimensions of the questionnaire and the total score are high, positive, and statistically significant correlation coefficients at the level of 0.01. This confirms the consistency, homogeneity, and cohesion of the questionnaire axes with each other. The validity of the study instrument was verified using the reliability coefficient (Cronbach's Alpha), and the results are introduced in Table 6. It is also clear from Table 7 that all correlation coefficients using Cronbach's alpha method for the dimensions of the questionnaire are acceptable values for the final application procedure.

6: Pearson's correlation coefficient between the axes of the questionnaire and the questionnaire as a whole

Dimension	Attention	Challenges	Practice	comprehensive
Attention	1	-.003	.613**	.880**
Challenges		1	-.128	.343*
Practice			1	.750**
Total				1

It is noted from the previous Table 6 that all values of correlation coefficients between the dimensions of the questionnaire and the total score are high, positive, and statistically significant correlation coefficients at the level of 0.01, and this confirms the consistency, homogeneity, and cohesion of the questionnaire’s axes with each other.

Table 7: Authenticity of the study instrument:

Dimension	constancy
The first dimension: attention.	0.827
The second dimension: challenges.	0.763
The third dimension: practice.	0.843
Total	0.827

· Study Results and Discussion:

1- Results related to the first dimension:

Endowment entities in the Kingdom of Saudi Arabia are interested in applying accounting practices and systems. To verify the questions in the first dimension, arithmetic means and standard deviations were calculated for all statements in the second section of the questionnaire, which measures “the extent of interest of endowment entities in the Kingdom of Saudi Arabia in applying accounting practices and systems”. Additionally the statements are arranged according to the values of their arithmetic averages, starting from the largest to the smallest at the dimension level. The results were introduced in Table 8 as follows:

Table 8: Arithmetic Averages and Standard Deviations of Sample Answers from the First Dimension

M	Phrase	Average	Standard deviation	Grade	Order
1-	Each endowment entity is considered as a separate and independent accounting unit.	4.231	0.8544	too high	2
2-	Many endowment entities work on an accounting system that provides documents, books, and regular accounting records.	3.827	1.1669	High	8
3-	There is a continuous review of the accounting system in endowment entities to discover weaknesses and develop the system.	3.615	1.2391	High	9
4-	The application of the financial accounting system in endowment entities allows the provision of financial information that reflects the financial reality and increases confidence and transparency among users of financial statements.	4.327	1.0043	too high	1
5-	Endowment entities undertake the process of proving and measuring endowment transactions of a financial nature.	3.904	1.0527	High	5
6-	Endowment entities use the criteria of presentation and disclosure to present the results of these transactions to the concerned parties.	3.885	1.00300	High	7
7-	The existence of an independent internal audit department in endowment entities that seeks to ensure the efficiency and effectiveness of internal control systems.	3.885	1.2152	High	6
8-	Endowment entities issue financial statements and are reviewed by an external auditor. They include information about the endowment's financial transactions during a specific period of time that helps in making various decisions.	3.923	1.1349	High	4

M	Phrase	Average	Standard deviation	Grade	Order
9-	Financial statements provide information about previous periods that allow them to make comparisons between consecutive years and help evaluate performance and develop future plans.	4.115	0.9631	High	3
The total		3.967	1.074	High	

Table 8 above reveals what follows:

a- The total agreement of the study sample members on the statements of the first dimension reached an average of (3.967), and a degree of agreement of (high).

b- The average of the first dimension statements ranged between (4.327) and (3.615).

c- The standard deviation for the first dimension statements ranged between (0.8544) and (1.2391); this indicates the homogeneity of the responses of members of the study sample.

- Statement No. 4 – which refers to “Implementing the financial accounting system in endowment entities allows the provision of financial information that reflects the financial reality and increases confidence and transparency among users of the financial statements” – came in first place with an average of (4.327), a standard deviation of (1.0043) and degree of approval amounting to (very high).

- Statement No. 1 – which refers to “Each endowment entity is considered as a separate and independent accounting unit” – came in second place with an average of (4.231), a standard deviation amounting to (0.8544), and an approval score of (very high).

- Statement No. 9 – which refers to “the financial statements provide information in previous periods that allows them to make a comparison between consecutive years and helps to evaluate performance and develop

receptive plans” – came in third place with an average of (4.115), a standard deviation of (0.9631), and a degree of approval amounting to (high).

- Statement No. 8 – which refers to “endowment entities issue financial statements and are reviewed by an external auditor, including information on financial endowment transactions during a certain period of time that helps in making various decisions” – came in fourth place with an average of (3.923), a standard deviation of (1.1349), and a degree of approval amounting to (high).

- Statement No. (2) - which refers to “many endowment establishments operate on an accounting system that provides both documents, books, and regular accounting records” - came in penultimate place with an average of (3.827), a standard deviation of (1.1669), and a degree of agreement amounting to (high).

- Statement No. (3) – which refers to “There is a continuous review of the accounting system in endowment establishments to discover weaknesses and develop the system” – came in last place with an average of (3.615), a standard deviation (1.2391), and a degree of approval (high).

- Statement No. 3 – which indicates: “There is a continuous review of the accounting system in endowment entities to discover weaknesses and develop the system” – came in last place with an average of (3.615), a standard deviation of (1.2391), and a degree of approval amounting to (high).

From the previous results, it is clear that endowment entities in the Kingdom of Saudi Arabia are greatly interested in applying accounting practices and systems; members of the study sample confirmed many practices that demonstrate the interest of endowment entities in the Kingdom of Saudi Arabia in applying accounting practices and systems through the presence of an independent and separate accounting unit for each endowment entities. This is done in accordance with an accounting system that provides records, data, and accounting books. Meanwhile, continuous review of the accounting system is given special attention identifying weak points for remedial. On the other hand, a focus should

also be made on transparency and disclosure by providing correct financial information which reflects the financial performance of the entity. In addition to all that, it is important to allocate an independent department for internal audit in a way that contributes to achieving efficiency and effectiveness of internal control systems, enhancing the role of external control, and paying attention to comparison between current and previous financial performance to develop plans for future development.

This study is consistent with what was emphasized by the study (Al-Rahahleh, 2004) regarding the necessity of developing accounting and control systems that are compatible with Shari'a foundations. It is also in line with the findings of the study (Jaafar, 2016) which reveals that a good corporate governance system requires a certain level of disclosure and transparency of financial information, and this is what the disclosure requirements meet in accordance with international financial reporting standards and the standards of the Accounting and Auditing Organization for Islamic Institutions and the Islamic Financial Services Board.

Second: Second dimension Results:

Endowment entities in the Kingdom of Saudi Arabia face many challenges in applying accounting systems and practices. To verify the questions in the second dimension, the arithmetic means and standard deviations were calculated for all statements in the third section of the questionnaire, which measures "the challenges facing endowment entities in applying accounting practices and systems," in addition to arranging the statements according to the values of their arithmetic averages, starting from the largest to the smallest at the dimension level. The results are presented in Table 9 as follows:

Table 9: Arithmetic means and standard deviations of the sample answers for the second dimension

	Statement	Means	Standard Deviation	Degree	Order
1-	The absence of a guideline that regulates the accounting work in endowment entities, so that it is able to identify, organize, and manage the basic pillars of the endowment, such as the endower, al-Nather, and the endowment funds.	3.846	0.9158	High	5
2-	There is a lack of compatibility in the accounting practices applied in endowment entities in Kingdom of Saudi Arabia, which makes it difficult to compare one entity to another.	3.962	0.8156	High	3
3-	There is a double standard of accounting standards applied to endowment entities, which creates differences in the definition of accounting concepts, which in turn leads to the preparation of contradictory financial statements that are not subject to comparisons.	3.558	1.0178	High	6
4-	There is a need for a conceptual framework for endowment entities that constitutes a guide for the preparation, presentation, interpretation of accounting standards, and the selection of appropriate accounting methods, and addresses accounting topics that are not covered in the standards.	4.404	0.7736	too high	2
5-	The financial reporting standard approved in the Kingdom for non-profit entities does not provide general presentation and disclosure requirements and special presentation requirements, such as: requirements for yields and basic accounting treatments related to some aspects of endowment entities.	3.519	0.9391	High	7

	Statement	Means	Standard Deviation	Degree	Order
6-	There is a need for developing a comprehensive accounting standard for endowment entities to ensure transparency accountability, control and adherence to accounting standards, and help manage endowment entities efficiently and effectively.	4.558	0.5392	too high	1
7-	There is a scarcity of well-known legal accounting offices for endowment entities that provide them with auditing and consulting services.	3.885	1.1141	High	4
The total		3.961	0.873	High	

Table 9 above displays what follows:

a- The total agreement of the study sample members on the statements of the second dimension was at an average of (0.3961), with a degree of agreement amounting to (high).

b- The average of the statements of the second dimension ranged between (4.558) and (3.519).

c- The standard deviation of the second dimension statements ranged between (0.5392) and (1.1141), which indicates the homogeneity of the responses of the study sample members.

Statement No. 6 - which indicates that “There is a need for developing a comprehensive accounting standard for endowment entities to ensure transparency accountability, control and adherence to accounting standards, and help manage endowment entities efficiently and effectively.” – ranked first with a means of (4.558) and a standard deviation of (0.5392) and the degree of approval (very high). This is what the study sample members emphasized in the proposals. They stressed the necessity to work out a clear and comprehensive accounting standard for endowments, and

support research in the field of endowment development, by adopting the best international practices in accounting, and organizing competitions and conferences in the Islamic and international world, the chief aim of which is to transfer knowledge and utilize competencies in the accounting field. The proposals also emphasize the necessity of strengthening cooperation between endowment establishments and the Saudi Authority for Auditors and Accountants to adjust the accounting system for this sector according to its characteristics.

- Statement No. 4 – which indicates that “There is a need for a conceptual framework for endowment entities that constitutes a guide for the preparation, presentation, interpretation of accounting standards, and the selection of appropriate accounting methods, and addresses accounting topics that are not covered in the standards” – came in second place with an average of (4.404) a standard deviation of (0.7736), and a degree of approval (very high). This is what the members of the study sample emphasized in the proposals. They stressed the necessity of applying Islamic terms in endowment accounts, such as: the term yield and the fact of abstaining from using endowment money on the stock market, shares, securities in general, and raising awareness of the importance of developing the accounting system not only for the benefit of the endowment, its sustainability, and preservation of the rights of the endowment expenses, but also protection for those in charge of the endowment.

- Statement No. 2 – which refers to “a lack of compatibility in the accounting practices applied in endowment entities in Kingdom of Saudi Arabia, which makes it difficult to compare one entity to another’ – came in third place with an average of (3.558), a standard deviation of (1.0178), and a degree of approval amounting to (high).

The members of the study sample suggested some proposals that can contribute to overcoming this challenge by emphasizing the need for a control authority that regulates the endowment sector in the Kingdom by relying on the systems and regulations that suit this sector. They also seek to unify the year on which the budget will be based for all endowments to facilitate review of the competent authority and to find an independent accounting system in endowments.

- Statement No. 7 – which indicates that “There is a scarcity of well-known legal accounting offices for endowment entities that provide them with auditing and consulting services.” – came in fourth place with an average of (0.3961), a standard deviation (0.873), and a degree of approval amounting to (high).

The members of the study sample suggested some proposals that could contribute to overcoming this challenge, as they stressed the need to provide and identify accredited accounting offices that help endowment entities complete external audit tasks at a reasonable cost while creating an independent accounting system in endowments.

- Statement No. 3 – which indicates that there is a double standard of accounting standards applied to endowment entities, which creates differences in the definition of accounting concepts, which in turn leads to the preparation of contradictory financial statements that are not subject to comparisons” – ranked before the last within an average of (3.558), a standard deviation (1.0178), and a degree of approval amounting to (high).

- Statement No. 5 – which indicates that “The financial reporting standard approved in the Kingdom for non-profit entities does not provide general presentation and disclosure requirements and special presentation requirements, such as: requirements for yields and basic accounting treatments related to some aspects of endowment entities.” – came in last place with an average of (3.519), a standard deviation (0.9391), and a degree of approval amounting to (high).

These results are consistent with the proposals made by the study sample members, which express their vision to get rid of these challenges, including the need to pay attention to designing accounting programmes specifically for endowments. This contributes to improving the accounting system within these entities, and enhancing understanding between the Saudi Authority for Auditors and Accountants and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

It seems clear from the previous results that endowment entities in the Kingdom of Saudi Arabia face many challenges in the application of accounting systems and practices. The members of the study sample stressed that the most prominent of these challenges is the absence of a guideline that regulates accounting work in endowment entities, in addition to the lack of compatibility in the accounting practices applied in endowment entities at the level of the Kingdom of Saudi Arabia, which makes it difficult to compare one entity to another. There is also a duplication of accounting standards applied to endowment entities. This is consistent with the findings of a study (Asiri, 2019) drawn on the extent of endowment entities compliance with the requirements of the presentation and disclosure standard for the financial statements of non-profit establishments issued by the Saudi Organization for Certified Public Accountants. This confirmed that each endowment entity designs and prepares its own standards, leading to a difficulty of comparison between several entities. It also became clear from the study that endowment entities do not adhere to the standard of presentation and disclosure specific to non-profit entities, but rather they are in line with the standard of general presentation and disclosure.

The members of the study sample also expressed the need for a conceptual framework for endowment entities that constitutes a guideline for the preparation, presentation, and interpretation of accounting standards and the development of a comprehensive accounting standard for endowment entities to ensure transparency and accountability. This is consistent with what was confirmed by the study of Al-Ibrahimi (2012) maintaining that the endowment is governed by a special nature of the accounting system. In order to develop it, we should use modern and advanced systems which can contribute in evaluating financial and accounting performance accurately. These results are also consistent with the study of Jomaa et al. (2017), which confirmed that the Islamic endowment has a specificity necessitating accounting standards that help the management of endowment institutions manage endowments efficiently, effectively, and transparently, ensuring the continuity of the asset or property.

Third: Results related to the third dimension

Endowment entities in the Kingdom of Saudi Arabia practice the accounting and financial requirements to be followed in accordance with the regulations issued by the regulatory and supervisory authorities. To verify the queries raised in the third dimension, the arithmetic averages and standard deviations were calculated for all the statements introduced in the fourth section of the questionnaire which measures “the extent to which endowment entities in the Kingdom of Saudi Arabia practice the accounting and financial requirements to be followed in accordance with the regulations issued by the supervisory and regulatory authorities”. Additionally, statements were arranged according to the values of their arithmetic averages, starting from the largest to the smallest at the dimension level. Therefore, results revealed what follows in Table 10:

Table 10: Arithmetic averages and standard deviations of the sample answers from the third dimension

	Statement	Means	Standard De- viation	Degree	Order
1-	Informing the <i>waqf</i> beneficiaries periodically of the financial statements of the endowment, especially large and medium endowments.	3.750	1.1004	High	6
2-	Preparing the internal regulations, policies and procedures necessary to manage the endowment, including those relating to the collection, disbursement and investment of endowment proceeds, and reviewing and updating them on a periodic basis that is compatible with the endowment circumstances.	4.269	0.6893	too high	1
3-	The existence of regulatory systems and controls for endowment funds, ensuring their protection, disbursement and exploitation according to the best standards.	4.019	1.0570	High	5

	Statement	Means	Standard De- viation	Degree	Order
4-	Maintaining all records of endowment entities in a safe manner for local and international operations related to financial transactions for not less than ten years after each operation.	4.231	0.8311	t o o high	4
5-	Preparing an estimated budget for all activities in endowment entities, taking into account their current and future needs.	4.250	0.9676	t o o high	3
6-	Preparing audited financial statements approved of by accountants and auditors accredited by the Saudi Organization for Auditors and Accountants, for large and medium endowments, and preparing an annual financial statement showing the endowment revenues and expenses, for small endowments and endowments with direct benefits.	4.269	0.9100	t o o high	2
T o- tal		4.1314	0.9258	High	

Table 10 gives rise to the following outcome:

- a- The total agreement of the study sample members on the statements of the third dimension reached an average of (4.1314), with a degree of agreement amounting to (high).
 - b- The average of the third-dimension statements ranged between (4.269) and (3.750).
 - c- The standard deviation of the third-dimension statements ranged between (0.8311) and (1.1004), which indicates the homogeneity of the responses of the study sample.
- Statement No. 2 – which refers to “preparing the internal regulations, policies and procedures necessary to manage the endowment, including those relating to the collection, disbursement and investment of

endowment proceeds, and reviewing and updating them on a periodic basis that is compatible with the endowment circumstances” – came in first place with an average of (4.269), a standard deviation of (0.6893), and an approval score of (very high).

Statement No. 6 – which refers to preparing audited financial statements approved by accountants and auditors accredited by the Saudi Organization for Auditors and Accountants, for large and medium endowments, and preparing an annual financial statement showing the endowment revenues and expenses, for small endowments and endowments with direct benefits.” – came in second place with an average of (4.269), a standard deviation of (0.9100), and a degree of approval of (very high).

Statement No. 5 – which refers to “Preparing an estimated budget for all activities in endowment entities, taking into account their current and future needs.” – came in third place with an average of (4.250), a standard deviation of (0.9676), and a degree of approval of (very high).

- Statement No. 4 – Maintaining all records of endowment entities in a safe manner for local and international operations related to financial transactions for a period of not less than ten years after each operation.” – came in fourth place with an average of (4.231), a standard deviation of (0.8311), and a degree of approval of (very high).
- Statement No. 3 – which refers to “The existence of regulatory systems and controls for endowment funds, ensuring their protection, disbursement and exploitation according to the best standards.” – ranked penultimate with an average of (4.019), a standard deviation of (1.0570), and a degree of approval amounting to (high).
- Statement No. 1 – which refers to informing the *waqf* beneficiaries periodically of the financial statements of the endowment, especially large and medium endowments.” – came in last place with an average of (3.750), a standard deviation of (1.1004), and a degree of approval of (high).

It seems clear from the previous results that the endowment entities in the Kingdom of Saudi Arabia practice the accounting and financial requirements that must be followed in accordance with the regulations issued by the regulatory and supervisory authorities to a large extent. The members of the study sample confirmed that the endowment entities carry out many practices that confirm this, such as: informing the *waqf* beneficiaries periodically of the financial statements, preparing the internal regulations, policies and procedures necessary to manage the endowment, providing systems and supervisory controls for the endowment funds, preparing an estimated budget for all activities in the endowment entities, and audited financial statements approved by accountants and auditors accredited by the Saudi Organization for Auditors and Accountants, for large and medium endowments.

4. Conclusion (Concluding Results and Recommendations):

· Results:

The study came to the following concluding results:

1. The level of interest of endowment entities in the Kingdom of Saudi Arabia in applying accounting practices and systems was high, with an average amounting to (3.967).
2. The most prominent practices related to the interest of endowment entities in the Kingdom of Saudi Arabia in accounting systems application. This was made possible through its connection with the application of the financial accounting system, which allows the provision of financial information that reflects the financial reality, and increases confidence and transparency among users of the financial statements.
3. The least practices regarding the interest of endowment entities in the Kingdom of Saudi Arabia concerned accounting systems application according to the study sample, this was due to the lack of continuous review of the accounting system in endowment entities to discover weaknesses and develop the system.

4. Endowment entities in the Kingdom of Saudi Arabia face many challenges in applying accounting systems and practices, with an average of (3.961). The most prominent challenges facing endowment entities in the Kingdom of Saudi Arabia in applying accounting systems and practices are related to the need to develop a comprehensive accounting standard for endowment entities to ensure transparency. Accountability ensures control and adherence to accounting standards and helps manage endowment entities efficiently and effectively.
5. The least amount of challenges facing endowment entities in applying accounting systems and practices emanate from the weak availability of the financial reporting standard approved in the Kingdom for non-profit entities, and the application of public presentation and disclosure requirements and private presentation requirements.
6. The study found that endowment entities practice the accounting and financial requirements that must be followed in accordance with the regulations issued by the regulatory and supervisory authorities to a high degree, with an average of (4.1314).
7. The results concluded that the financial accounting system in endowment entities allows the provision of financial information that reflects the financial reality, and increases confidence and transparency among users of the financial statements.
8. The study found that endowment entities carry out the processes of proving and measuring endowment transactions, and use accounting standards in presentation and disclosure to a high degree.

Recommendations:

In light of the findings, the study recommends what follows:

1. The need to benefit from international accounting practices and standards applied in business institutions to improve the accounting system in endowment entities, and enhance transparency and disclosure in endowment entities in a way that consolidates the trust of endowers and society in the system of these entities.
2. The need for a modern guideline to organize accounting work in endowment entities.

3. Development of a comprehensive accounting standard for endowment entities to ensure transparency, accountability, control and adherence to accounting standards and put an end to a double standard of accounting standards by unifying accounting standards in endowment entities.
4. Development of strict and accurate control systems that take advantage of modern technologies in controlling, monitoring and protecting endowment assets, based on the best standards for keeping records and data for a period of time of no less than 10 years.
5. The necessity of designing accounting programmes dedicated to endowments, identifying accredited accounting offices which the endowments deal with at reasonable prices, and the necessity of unifying the year on which the budget is based for all endowments to facilitate review by the competent authority.
6. Raising awareness of the importance of developing the accounting system not only for the benefit and sustainability of the endowment, along with the preservation of the rights of its banks, but also for the protection of those in charge of the endowment.

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