

# Presentation and Disclosure Requirements to Meet Stakeholders' Information Needs in Waqf Institutions in Saudi Arabia

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**DOI Link:** <http://dx.doi.org/10.6007/IJARAFMS/v16-i1/27749>

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**Published Online:** 26 March 2026

## **Abstract**

The problem addressed by this study arises from the fact that international bodies responsible for regulating the accounting profession and issuing international accounting standards have not provided accounting standards that organize accounting practices in not-for-profit entities, including waqf institutions (awqaf). As a result, several scholars argue that this situation has led to a lack of transparency needed to achieve accountability in the annual financial reporting of waqf institutions, which naturally contributes to the mismanagement of waqf resources and the failure to achieve waqf objectives. This study aims to explore the suitability and adequacy of accounting presentation and disclosure in the financial statements of Saudi waqf institutions from the perspective of stakeholders. Accordingly, the study adopts a qualitative approach to answer the main research question by exploring stakeholders' appropriate presentation and disclosure requirements through intensive semi-structured interviews and by developing a new conceptualization of ideal accounting presentation and disclosure requirements for application in Saudi waqf institutions. The intensive interviews conducted with all stakeholder groups in waqf institutions revealed that the financial statements lack substantial essential information needed to meet stakeholders' information needs and to enable them to evaluate waqf performance and make related

decisions. Each group (waqif group, beneficiaries (mawqūf ‘alayhim), employees, and the General Authority for Awqaf) identified a set of information that the current financial statements do not provide, despite its perceived materiality. This study makes a scholarly contribution by adding new evidence to the literature on Islamic financial institutions, particularly in the Kingdom of Saudi Arabia. It is among the first studies to develop presentation and disclosure tools for Saudi waqf institutions that are required to apply local accounting standards issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), using a field-based methodology that enhances the reliability of its findings.

**Keywords:** Presentation, Disclosure, Waqf Institutions, Stakeholders

## Introduction

Waqf institutions in the Kingdom of Saudi Arabia are classified under the sixth category of the nonprofit sector. They constitute a core component of this vital sector, which is distinguished by its large size and its broad economic and social impact in the Kingdom. Accordingly, the Saudi Organization for Chartered and Professional Accountants (SOCPA) recognized the importance of developing accounting standards specifically for the nonprofit sector, consistent with its objectives and socio-economic impact, in a way that enhances transparency and accountability for the entities that make up this sector. In this context, SOCPA developed a set of accounting standards for not-for-profit entities and issued them in 2012, making them mandatory for nonprofit entities.

These standards provided a set of foundational accounting requirements related to the presentation statements, core disclosure requirements, and the accounting treatment of donations in terms of recognition, measurement, presentation, and disclosure—areas that not-for-profit entities had previously lacked under traditional accounting systems based on practices derived from international accounting standards. The standards also considered certain information needs relevant to external users of the financial statements of nonprofit entities in general.

Nevertheless, waqf institutions and their distinctive accounting needs have not been sufficiently addressed in a manner that reflects their unique characteristics and the information needs of the parties who benefit from and use their financial statements. The set of Saudi standards for not-for-profit entities addressed—within a limited scope—how to treat certain waqf-related financial transactions in terms of recognition, measurement, presentation, and disclosure. This section discusses the adequacy of accounting presentation and disclosure requirements for waqf institutions as provided in the nonprofit standards and other standards adopted by SOCPA, in light of prior studies in this field.

This study adds to the scientific literature on Islamic financial institutions, particularly in Saudi Arabia. It is among the first studies of its kind to develop presentation and disclosure tools for Saudi waqf institutions that are required to apply local accounting standards issued by SOCPA, using a field-based methodology that makes its outputs more reliable. The study examines the adequacy of accounting presentation and disclosure practices in waqf institutions under the prevailing accounting standards in the Saudi environment and the extent to which they meet the information needs of key external stakeholders.

The rapid expansion of the waqf sector in Saudi Arabia, particularly within the framework of Vision 2030, has significantly increased the economic and social importance of waqf institutions and amplified expectations regarding their transparency, governance, and accountability. Despite this growing relevance, limited empirical research has critically examined whether existing accounting presentation and disclosure practices adequately serve the diverse information needs of key stakeholders. The study examines the adequacy of accounting presentation and disclosure practices in waqf institutions under the prevailing accounting standards in the Saudi environment and the extent to which they meet the information needs of key external stakeholders. This issue is not merely a technical accounting concern; rather, it directly affects stakeholders' ability to evaluate compliance with the waqif's stipulations, assess financial performance and sustainability, monitor governance practices, and make informed decisions. Inadequate disclosure may weaken accountability mechanisms, reduce comparability across institutions, and ultimately undermine public trust in the waqf sector. Therefore, this study is important for waqif representatives, beneficiaries, employees, supervisory authorities, regulators, auditors, and policy-makers. By identifying specific information gaps and proposing a stakeholder-informed conceptualization of improved presentation and disclosure requirements, the study enhances the practical utility and effectiveness of financial reporting in waqf institutions and contributes to strengthening transparency, institutional sustainability, and stakeholder confidence in the Saudi waqf sector.

### **Background of the Research**

Accounting presentation and disclosure in different entities—whether for-profit or not-for-profit—are among the most important mechanisms for communicating financial information about an entity's financial and administrative performance to external stakeholders, enabling them to make informed decisions. They also serve as an important tool for socio-economic development and for addressing challenges faced by beneficiaries. In the waqf sector, waqf accounting is a fundamental mechanism for strengthening transparency and accountability in waqf institutions and for ensuring that they transparently discharge their responsibilities to diverse stakeholders. The primary objective of waqf accounting is to ensure sound management, transparency, and accountability, thereby contributing to the effective achievement of socio-economic objectives (Uula and Kassim, 2023).

To date, international bodies that regulate the accounting profession and issue international accounting standards have not provided standards governing accounting work in not-for-profit entities, including waqf institutions—with the exception of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain, which has recently issued a waqf-specific accounting standard that is not mandatory in Saudi Arabia. As a result, several researchers argue that the absence of such standards has contributed to inadequate transparency and accountability in annual financial reporting for waqf institutions, which in turn can lead to the mismanagement of waqf resources and failure to achieve waqf objectives (Umar and Haron, 2021).

In Saudi Arabia, not-for-profit entities—including waqf institutions—are required to apply the not-for-profit accounting standards issued by SOCPA. These standards may exhibit shortcomings, particularly providing adequate and stakeholder-relevant presentation and disclosure requirements for waqf institutions. In June 2022, the General Authority for Awqaf

(GAA) held a workshop dedicated to discussing the adequacy of presentation and disclosure in waqf financial statements and identifying useful information that should be disclosed to meet users' needs. A benchmark comparison of a sample of waqf financial statements was also presented to assess whether they include useful waqf-related information. One key recommendation from the workshop was that there is inconsistency in the presentation and disclosure of certain line items and a lack of presentation or disclosure of important information for users—such as waqf returns (ghallah), distributions and other waqf expenditures, details of the waqf deed (şakk al-waqfiyyah) and the waqif's stipulations (shart al-wāqif), information related to waqf assets and the waqf corpus ('ayn al-waqf), details of revenues related to the waqf corpus and other revenues, and other material information. Accordingly, participants emphasized the importance of having waqf-specific presentation and disclosure requirements that are adhered to regardless of the financial reporting framework applied, so that waqf financial statements provide decision-useful and comparable information (General Authority for Awqaf, 2022).

AAOIFI also prepared an earlier preliminary study as part of developing its waqf accounting standard. The study concluded that there is an urgent need for a waqf-specific accounting standard and that using International Financial Reporting Standards (IFRS)—or accounting standards derived from them—to prepare the primary accounting reports of waqf institutions would be highly problematic because waqf arrangements involve non-exchange transactions driven by nonprofit motives (i.e., gift contracts rather than exchange contracts). Moreover, waqf institutions use distinctive recognition and measurement tools and unique terminology in presentation and disclosure that do not align with those of for-profit entities or other nonprofit entities (AAOIFI General Secretariat, 2019).

Accordingly, this study seeks to explore the suitability and adequacy of accounting presentation and disclosure in the financial statements of Saudi waqf institutions from stakeholders' perspectives, through intensive semi-structured interviews and by developing a new conceptualization of ideal accounting presentation and disclosure requirements for application in Saudi waqf institutions.

#### *An Overview of Saudi Waqf Institutions*

Saudi Arabia has a large waqf sector, reflecting its status as the land of the Two Holy Mosques and its prominent position in the Islamic world. Over the years, the waqf sector has witnessed several developments that resulted in regulatory measures. These began with the issuance of the Regulation of Charitable Societies and Foundations in January 1990 to regulate the work of charitable societies and foundations by defining requirements for establishment and licensing, fields of activity, members' responsibilities, the mechanism for forming an administrative board, and procedures for submitting financial and administrative reports to the competent authorities. This was followed by the issuance of the Law of Charitable Societies and Foundations in December 2015 and the Law of the General Authority for Awqaf in 2015, which established the General Authority for Awqaf as the body responsible for preserving, regulating, developing, and enhancing awqaf within the Kingdom.

In the context of regulating the waqf sector, the National Center for Non-Profit Sector Development was established in April 2019 to organize oversight of the nonprofit sector in the Kingdom. The Center was entrusted with financial and administrative oversight

responsibilities for the nonprofit sector, including the awqaf sector as a key component. It performs its supervisory role through several approaches, notably by establishing technical supervision units within relevant ministries and government entities to strengthen integration with nonprofit partners in the national development process.

In general, the nonprofit sector in Saudi Arabia is among the fastest-growing sectors. According to the report “Nonprofit Sector Trends: Midway Report 2023” (King Khalid Foundation, 2023), which is published biennially, the number of official nonprofit entities prior to the issuance of the 1990 regulation did not exceed 171. With the issuance of that regulation, the sector entered a period of genuine growth: the number of official nonprofit entities between the 1990 regulation and the issuance of the 2015 law (effective in 2016) reached approximately 1,500. Following the implementation of the 2015 law, the sector entered a new phase of rapid and unprecedented growth, benefiting from the announcement of Saudi Vision 2030 and its implementation programs. According to “Nonprofit Sector Trends 2017,” the number of nonprofit entities grew in 2017 to 2,598. The 2019 edition reported growth of 166% compared to 2017, reaching 6,902 entities. The third edition (2021) recorded a further growth of 424% over two years, bringing the number of registered official nonprofit entities by 2021 to 36,151.

Awqaf are among the fastest-growing categories within this sector. In 2021, the number of waqf entities holding waqf certificates issued by the General Authority for Awqaf exceeded 15,000, implying that the awqaf sector accounts for approximately 42% of the nonprofit sector in the Kingdom. Regarding the overall size of awqaf, there are no precise official statistics. However, a United Nations report (2021) on the role of awqaf in achieving the Sustainable Development Goals and Saudi Vision 2030 concluded that by 2020 Saudi Arabia had become home to more than 113,000 waqf institutions, with total waqf assets estimated at SAR 235 billion (United Nations Awqaf Research Team, 2030).

### **Methodology**

Because this study aims to explore appropriate accounting presentation and disclosure requirements for stakeholders in waqf institutions in the Kingdom, it relies primarily on inductive qualitative research methods to answer the study’s research question. Accordingly, the inductive approach seeks to explore stakeholders’ presentation and disclosure requirements through semi-structured interviews to understand the nature of the requirements that waqf financial statements should provide and to reach meaningful answers in this regard.

The scope of the study includes developing accounting presentation and disclosure requirements for waqf institutions in a manner that aligns with the distinctiveness of this unique entity compared with for-profit and other nonprofit entities. The study requires attention to Shariah- and legal-related aspects of awqaf in Saudi Arabia, in addition to accounting aspects. The study covers private waqf institutions whose trusteeship (nāẓir/naẓārah) is undertaken by individuals or legal entities such as charitable societies, foundations, or government entities. Scientifically, the framework may be beneficial in any context, whereas its applied scope is limited to Saudi Arabia.

### *The Findings of the Research*

This section presents the analysis and discussion of data collected through intensive interviews directly related to exploring suitable accounting presentation and disclosure requirements for the financial statements of waqf institutions in the Kingdom of Saudi Arabia, so as to meet stakeholders' information needs and enable sound decision-making. This section addresses the main research question of the study. The chapter is divided into five parts: the first four discuss responses from each of the four stakeholder groups represented in waqf institutions, while the fifth discusses interview findings with SOCPA as the body responsible for regulating accounting practices and issuing accounting standards in the Kingdom.

### *Analysis of the Waqif Group Data and Findings*

Because most waqif (founders/donors) are no longer alive, the position of a "Board of Trustees member" (Majlis al-Nazārah) was identified as an appropriate proxy to represent the waqif, given that the Board of Trustees in waqf institutions is responsible for overall direction, ensuring the achievement of objectives, and overseeing executive management. Accordingly, two board members from two different waqf institutions were selected, with attention to financial expertise. Prior to the interviews, participants were informed that responses were expected to reflect the waqif's requirements.

Initially, the interviews explored the waqif's interest in information contained in waqf financial statements and why that information matters. The interview results indicated three main purposes that financial statement information should fulfill for the waqif stakeholder group:

1. Assessing the extent to which the waqf's objectives and the waqif's stipulations are achieved.
2. Holding waqf trustees (nāẓir/naẓārah) accountable and verifying whether waqf funds are used in line with the waqif's intent.
3. Making forward-looking decisions that contribute to the waqf's growth and sustainability.

Participants emphasized that financial statements should provide the information required for waqif stakeholders to achieve these purposes. Table (1) below summarizes the analysis of the interview questions for this group.

Table (1)

*Results of the interview-question analysis for the Waqif group*

<b>Interview themes</b>	<b>Key themes</b>
<b>Core information in the current financial statements and their adequacy.</b>	<ul style="list-style-type: none"> <li>- Notes related to waqf revenues and expenses.</li> <li>- Notes related to waqf assets.</li> <li>- Information in the Statement of Activities, especially the Waqf column—insufficient.</li> </ul>
<b>Current challenges in the financial statements.</b>	<ul style="list-style-type: none"> <li>- The most salient question: Has the waqif's stipulation been fulfilled?</li> <li>- What are the waqf returns (ghallah)?</li> <li>- What are the waqf disbursement channels?</li> <li>- What revenues arise from the waqf corpus ('ayn al-waqf) and what are other revenues?</li> <li>- All expenses are presented under "unrestricted."</li> <li>- Net assets in general—and net waqf assets in particular—are unclear.</li> <li>- Notes related to waqf-asset presentation do not disclose many of the answers sought.</li> </ul>
<b>Information that should be considered in the current financial statements.</b>	<ul style="list-style-type: none"> <li>- Information that answers the key question: Has the waqif's stipulation been fulfilled?</li> <li>- Detailed information on waqf assets by type (waqf corpus, waqf investments, current assets, assets used in waqf operations).</li> <li>- Information on waqf proceeds (ri'/ghallah) and revenues obtained from non-proceeds sources ("other contributions").</li> <li>- Detailed information on waqf expenses financed from proceeds and expenses financed from other sources.</li> <li>- Information on the waqif's stipulations.</li> </ul>
<b>Suggestions and recommendations for improving presentation and disclosure.</b>	<ul style="list-style-type: none"> <li>- All measures that ensure the provision of the information listed above.</li> <li>- Preparing a separate statement for waqf returns (ghallah).</li> </ul>
<b>The extent to which the latest update to the presentation and disclosure standard meets your information needs.</b>	<ul style="list-style-type: none"> <li>- We have not reviewed the amendments yet.</li> </ul>

*Core Information in the Current Financial Statements and Its Adequacy*

Regarding accounting and financial information considered important to the waqif and currently provided by financial statements, participants indicated that the presentation statements—prepared under the accounting presentation and disclosure standard for not-for-profit entities (which includes waqf institutions)—meet some general needs for assessing the institution's financial position, the size of its assets and liabilities, and the nature of its activities. However, with respect to waqf assets ('ayn al-waqf), participants noted that the statements provide only some necessary information, such as items in the Statement of Activities (especially the Waqf column), notes on waqf assets, and notes on waqf revenues and expenses.

Nevertheless, participants emphasized that the current financial statements do not provide essential information required for decision-making and performance evaluation—such as whether the waqif's stipulations were fulfilled, the magnitude of waqf returns (ghallah), and the difference between returns and the change in net assets reported in the Statement of Activities, among other matters.

#### *Current Challenges in the Financial Statements*

When discussing challenges faced by waqif stakeholders in the accounting and financial information presented in waqf financial statements—challenges that may affect the quality of their decisions—participants stated that current financial statements do not provide sufficient information for effective decision-making. Consequently, waqif stakeholders face several challenges, notably: (1) difficulty in accurately evaluating waqf performance due to insufficient information on waqf returns, disbursement channels, and distribution mechanisms, which is necessary to assess whether the waqif's stipulations were fulfilled; (2) difficulty prioritizing expenditure because of insufficient information on disbursement channels specified in the waqf deed, which is needed to evaluate program priorities; and (3) difficulty holding management accountable in the absence of such information. These shortcomings expose waqif stakeholders to the risk of ineffective decisions regarding the waqf institution. One participant explained:

*“When reading the financial statements, we find it difficult to understand several matters. For example, in the Statement of Activities we are unable to classify the nature of the expenses because they are all presented under a single line item (‘unrestricted’). As a result, we cannot analyze the nature of these expenses or assess whether they can be rationalized based on the areas in which they were incurred.”*

Another participant added that, beyond the lack of information needed to address the key questions above, some items are ambiguous—such as net assets in general and net waqf assets in particular—as well as the supplementary notes on the waqf corpus (‘ayn al-waqf), which do not answer many questions.

#### *Information That Should Be Considered in the Current Financial Statements*

As noted in the previous discussion of challenges, both participants believed that information addressing the central question—whether the waqif's stipulations were fulfilled—is among the most important information that waqf financial statements should contain, so that this stakeholder group can evaluate the institution's effectiveness in achieving the purpose for which it was established. In this context, one participant stated:

*“For financial statements to provide sufficient data and information to enable the waqif to evaluate whether the institution fulfilled the waqif's stipulations, they should present clear information about the waqif's stipulations, waqf assets, waqf returns and disbursement channels, how returns are distributed, and revenues collected from other sources. All of this should be provided either within the statements themselves or in the accompanying notes.”*

Participants also emphasized the need for financial statement notes to disclose essential information from the waqf deed, particularly information related to the waqf corpus

and the waqif's conditions regarding its operation, distribution of returns, beneficiary categories, and other foundational information.

### *Suggestions and Recommendations for Improving Presentation and Disclosure in the Current Financial Statements*

With respect to recommendations for improving current presentation and disclosure in waqf financial statements, participants agreed that it is essential for financial statements to provide information that resolves the challenges identified above. They also believed that preparing a separate statement of waqf returns (ghallah) would substantially improve information availability by clarifying the magnitude of returns, distinguishing returns from revenue, identifying sources, and explaining disbursement channels—thus resolving the current difficulty faced by waqf stakeholders when relying solely on the Statement of Activities.

### **Analysis of the Certified Public Accountants' Data as Proxies for Beneficiaries (Mawqūf 'Alayhim)**

Beneficiaries (mawqūf 'alayhim) are the primary recipients of waqf returns. This group is similar to shareholders in commercial firms in the sense that beneficiaries are entitled to the proceeds generated from the institution's activities in accordance with the waqf deed. Because beneficiaries are often socially vulnerable and may be unable to fully understand or protect their rights within a given waqf, the study selected experienced certified public accountants as proxies for this group. The participants were selected because, in auditing financial statements, accountants evaluate information material to all stakeholder groups and, under professional ethics, are concerned with protecting the rights of key stakeholders in the entities they audit. Accordingly, they are well positioned to articulate the information that beneficiaries need in waqf financial statements.

Semi-structured interviews were conducted with four certified public accountants. They were informed that responses should primarily represent beneficiaries, while broader discussion of other stakeholders' needs was also acceptable. In practice, responses tended to be comprehensive and reflective of the information needs of multiple stakeholder groups, given participants' roles as protectors of stakeholder interests. Table (2) below summarizes the key themes derived from the five interview axes.

Table (2)

*Results of the interview-question analysis for the Certified Public Accountants group*

Interview themes	Key themes
<b>Core information in the current financial statements and their adequacy.</b>	<ul style="list-style-type: none"> <li>- Information in the Statement of Activities, especially the Waqf column.</li> <li>- Information in the Statement of Financial Position, especially waqf assets.</li> <li>- Some asset-related notes.</li> <li>- Notes on waqf revenues and expenses.</li> <li>- Notes related to waqf assets—insufficient.</li> </ul>
<b>Current challenges in the financial statements.</b>	<ul style="list-style-type: none"> <li>- The Statement of Activities does not answer many questions, most importantly: <ul style="list-style-type: none"> <li>- Has the waqif’s stipulation been fulfilled?</li> <li>- What are the waqf returns (ghallah)?</li> <li>- What portion of returns is distributable?</li> <li>- What are the waqf disbursement channels?</li> <li>- What revenues arise from the waqf corpus (‘ayn al-waqf) and what are other revenues?</li> </ul> </li> <li>- Disclosures do not clarify the nature of the waqf, waqf-deed items, waqf policies on returns and distribution, provisions, trustee remuneration, and other matters.</li> <li>- Net assets in general—and net waqf assets in particular—are unclear.</li> <li>- Variation in standards applied in awqaf between those applying the nonprofit standard and those applying for-profit standards.</li> <li>- Asset presentation in the Statement of Financial Position is aggregated.</li> <li>- Notes related to waqf-asset presentation do not disclose many of the answers stakeholders seek.</li> <li>- Details related to cash and cash equivalents are unclear.</li> <li>- Transfers and reclassification items are unclear.</li> <li>- All expenses are presented under “unrestricted.”</li> <li>- Some awqaf present an income statement while others present a statement of activities.</li> <li>- Bases for establishing certain provisions/reserves and accounting treatments for some items are unclear.</li> <li>- The style of notes resembles that of commercial entities and does not meet waqf needs.</li> </ul>
<b>Information necessary to improve decision-making.</b>	<ul style="list-style-type: none"> <li>- How waqf returns are calculated.</li> <li>- Detailed information on waqf assets by type (waqf corpus, waqf investments, current assets, assets used in waqf operations).</li> <li>- Information answering the key question: Has the waqif’s stipulation been fulfilled?</li> <li>- Information on trustee/board remuneration.</li> <li>- Information about the waqf and its deed.</li> <li>- Information on the waqif’s stipulations.</li> </ul>

	<ul style="list-style-type: none"> <li>- Information on waqf proceeds (ri'ghallah) and revenues from non-proceeds sources ("other contributions").</li> <li>- Information on available cash and its nature.</li> <li>- Information explaining net assets and related accounts.</li> <li>- Detailed information on waqf expenses financed from proceeds and expenses financed from other sources.</li> <li>- Information on the nature of the annual surplus ("change in net assets").</li> <li>- Historical information about the waqf and its institutional transformations.</li> <li>- Narrative information on waqf performance, governance, and sustainability.</li> <li>- Information on financing sources for newly added waqf assets.</li> <li>- Information distinguishing family-related allocations and charitable allocations (other disbursement channels).</li> </ul>
<p><b>Suggestions and recommendations for improving presentation and disclosure in the current financial statements.</b></p>	<ul style="list-style-type: none"> <li>- All measures that ensure the provision of the information listed in the two axes above.</li> <li>- Preparing a separate statement of waqf returns (ghallah).</li> <li>- Clarifying how to combine IFRS for SMEs application in the waqf sector with nonprofit-standard requirements (e.g., control and consolidation; subsequent measurement model for waqf assets; the implications of the chosen model).</li> <li>- Expanding the standard to include recognition and measurement for awqaf, beyond international-standard requirements.</li> <li>- Developing a waqf-specific standard.</li> </ul>
<p><b>The extent to which the latest update to the presentation and disclosure standard meets your information needs.</b></p>	<ul style="list-style-type: none"> <li>- Some view the amendments as sufficient for waqf presentation and disclosure needs.</li> <li>- Others view the amendments as limited—covering important requirements but needing further development.</li> <li>- Some view a standalone waqf standard as the most appropriate option.</li> </ul>

The interviews with this group were the deepest in terms of their coverage of the breadth of financial and non-financial information missing from current financial statements and considered important for stakeholders in waqf institutions, especially beneficiaries. The following subsections provide details for the five interview axes.

#### *Core Information in the Current Financial Statements and Its Adequacy*

Participants indicated that, under the current nonprofit presentation and disclosure standard, financial statements do not meet many of the information needs of beneficiaries required to evaluate waqf performance and to make decisions, particularly in relation to

claiming their full rights. Three participants identified key objectives that waqf financial statements should fulfill for this stakeholder group:

1. Financial statements should provide sufficient information to understand the waqif's stipulations regarding waqf purpose, governance of the waqf corpus, and the distribution of returns, as specified in the waqf deed.
2. Financial statements should provide a sufficient basis to evaluate waqf performance, including details of revenues, administrative expenses, charitable activities (disbursement channels), results, and waqf returns.
3. Any information enabling beneficiaries to assess whether the waqif's stipulations were fulfilled should be reflected in the financial statements.
4. Any information enabling beneficiaries to hold management accountable should be provided in the financial statements.

Overall, participants judged current information as insufficient. While the Statement of Activities distinguishes among three main activity categories (unrestricted, restricted, and waqf), and certain notes address waqf revenues and expenses, participants indicated that the disclosures remain insufficiently detailed. They also noted that the Statement of Financial Position and some asset-related notes help users understand the magnitude of assets managed by the waqf, but additional detail is required to distinguish the waqf corpus from assets generated later through operating the corpus and from other restricted or unrestricted assets received through external contributions.

#### *Current Challenges in Financial Statements*

Participants agreed that users face many challenges in current financial statements, including both the absence of material information and insufficient clarity in certain line items and notes.

They emphasized that current financial statements do not answer the most important question for which a waqf institution exists: Was the waqif's stipulation fulfilled during the fiscal year? To answer this question, statements must provide substantial information enabling external users to evaluate fulfillment. One participant explained:

*"A waqf institution is established only when there is a productive or service asset endowed under a waqf deed, with benefits or returns allocated to beneficiaries. The deed specifies controls and conditions for managing the endowed asset and for distributing its benefit or returns. Therefore, for stakeholders to evaluate whether the institution fulfilled the waqif's stipulation, it must provide sufficient disclosure of the content of the deed and adapt the financial statement presentation so that users can assess whether the stipulations were fulfilled during that fiscal year."*

Other participants added that, to address this central issue, financial statements must enable users to understand the difference between waqf revenue and waqf returns (ghallah), the concept of distributable returns often referenced in the deed, revenues generated from operating the waqf corpus versus revenues from other sources, whether such revenues constitute returns, and the waqf disbursement channels specified in the deed.

Participants also highlighted challenges related to understanding and classifying certain items due to insufficient disclosure. One participant noted:

*“For example, in the Statement of Financial Position, the total net assets line includes three categories (unrestricted net assets, restricted net assets, and waqf net assets), yet these do not disclose many underlying details. Restricted assets may be restricted under Shariah or by regulation; some may relate to beneficiaries and others to external cash donations. As users, we often see these balances presented without detailed notes explaining their nature. Moreover, we sometimes encounter another format of the Statement of Financial Position that does not classify assets into restricted, unrestricted, and waqf assets. Net assets are presented in aggregate, which further increases ambiguity. This stems from dual application of two accounting frameworks: the Saudi nonprofit presentation and disclosure standard and for-profit standards.”*

Participants further indicated that financial statements often fail to disclose key accounting bases, especially the classification of assets and revenues into restricted, unrestricted, and waqf categories and the basis for transfers between these classifications during the year. They also noted that the style of disclosures resembles that of for-profit entities.

One participant argued that the current approach to presenting expenses in the Statement of Activities and cash in the Statement of Financial Position requires reconsideration. Regarding expenses, the participant stated:

*“We find that the Statement of Activities presents all expenses incurred during the year under ‘unrestricted,’ even though expenses may relate to restricted activities, unrestricted activities, and waqf activities. It is important to re-present these expenses according to the relevant activity category.”*

Regarding cash, the participant emphasized the need for sufficient notes explaining, for example, cash restricted for acquiring buildings or assets, cash allocated to beneficiaries, unrestricted cash, and the various sources of such balances.

#### *Information That Should Be Considered in the Current Financial Statements*

Participants identified many items that they consider necessary for inclusion in waqf financial statements. These items function as practical solutions to the challenges identified above.

One participant emphasized that, in addition to financial statements, waqf institutions should issue an annual performance report to external audiences to enhance transparency through both financial and non-financial information, enabling stakeholders to assess management effectiveness and efficiency. The participant explained:

*“We know that charitable institutions—whether waqf-based or otherwise—primarily aim to create positive change in the community, unlike for-profit entities that seek to maximize economic benefits for owners. Therefore, achievement of objectives in a waqf institution cannot be measured only through the financial information presented in the financial statements. Additional narrative information is required, such as the nature of programs and activities implemented under the waqf deed, priority-setting criteria for projects, and the effectiveness of these programs in generating positive impact for beneficiary groups. Such information is necessary to enhance transparency*

*for stakeholders, particularly because waqf institutions rely on two main revenue sources: (1) revenue generated from operating the waqf corpus, and (2) external donations and support—thus necessitating clear evidence of transparency and efficiency in the use of these resources.”*

Other participants agreed on the importance of making such narrative performance information available, either integrated within financial reporting or provided as a separate annual performance report. Two participants also emphasized the need for information about beneficiaries, especially where waqf returns are divided between the waqif's descendants and charitable purposes.

#### *Suggestions and Recommendations for Improving Presentation and Disclosure*

Participants emphasized that SOCPA should consider the financial and non-financial information identified above in any future updates or development of accounting practices for the waqf sector, as this would address current challenges faced by external users of waqf financial statements.

They also emphasized the need to resolve the dual application of standards within the charitable sector and the resulting issues related to control and consolidation and the lack of harmonization in the financial statement model used by waqf institutions.

To achieve this, two participants believed that adding a separate statement for waqf returns alongside the Statement of Activities, amending the presentation and disclosure standard to incorporate necessary information, and expanding it to include recognition and measurement requirements would lead to ideal financial statements for all external stakeholders.

By contrast, other participants asserted that a waqf-specific accounting standard is necessary to resolve the issues faced by external users and to provide the essential information required by stakeholders in waqf institutions.

#### *Extent to Which the Latest Update Meets Information Needs*

Regarding the most recent update to the presentation and disclosure standard for not-for-profit entities—expected to be applied beginning in 2025, participants expressed three differing views. One participant viewed the update as sufficient to cover key waqf-related disclosure needs. Two participants viewed the update as limited: it covers an important portion of requirements but requires further development. Another participant viewed the update as limited and emphasized that, due to the unique nature of awqaf, a standalone waqf standard is needed to meet stakeholders' financial and non-financial information needs.

#### *Analysis of Employees and Consultants in Waqf Institutions*

According to stakeholder theory, employees constitute a core stakeholder group in different entities. Accordingly, to explore suitable accounting presentation and disclosure requirements for stakeholders in waqf institutions, the study conducted interviews with a sample of key employees in the waqf sector to identify their information needs in waqf financial statements. In this context, three key employees from large waqf institutions in the Kingdom were selected. Before conducting the exploratory interviews, the study first

identified the participants' interests in the information presented in waqf financial statements.

Participants' interests focused primarily on information that supports analysis of the efficiency of the waqf institution's financial performance, especially the following:

1. Key performance indicators (KPIs) related to financial performance.
2. Fulfillment of the waqif's stipulations and implementation of waqf disbursement channels.
3. Return on waqf assets.
4. Spending efficiency in the waqf.
5. Detailed waqf revenues and expenses.

Participants indicated that adequate information on these items would enable them to assess the institution's efficiency in using available resources to achieve the waqif's stipulations and to evaluate sustainability. The five main interview axes were used to explore their information needs. Table (3) below summarizes the results.

Table (3)

*Results of the interview-question analysis for the Employees group*

<b>Interview themes</b>	<b>Key themes</b>
<b>Core information in the current financial statements and their adequacy.</b>	<ul style="list-style-type: none"> <li>- Waqf activity information presented in the Statement of Activities.</li> <li>- The magnitude of assets managed and liabilities in the Statement of Financial Position.</li> <li>- Insufficient.</li> </ul>
<b>Current challenges in the financial statements.</b>	<ul style="list-style-type: none"> <li>- Lack of information on waqf-deed items and the waqif's stipulations and the extent of their fulfillment.</li> <li>- Insufficient notes on revenues and expenses in the Statement of Activities.</li> <li>- No definition of distributable returns and the difference between returns and revenue.</li> <li>- Difficulty determining how proceeds finance activities.</li> <li>- No separation between the waqf corpus and other assets in the Statement of Financial Position.</li> <li>- No bases/criteria linking implemented activities to the waqif's stipulations.</li> <li>- No information on stages of institutional growth.</li> <li>- No annual performance report for institutional activities.</li> </ul>
<b>Information that should be considered in the current financial statements.</b>	<ul style="list-style-type: none"> <li>- Sufficient disclosure of waqf-deed items and the waqif's stipulations.</li> <li>- A statement of waqf returns alongside the Statement of Activities.</li> <li>- Reclassification of assets in the Statement of Financial Position by type (waqf corpus, investments, current assets, etc.).</li> <li>- Sufficient detail on the nature of expense and revenue items in the Statement of Activities.</li> <li>- Disclosure of the bases/criteria used to align implemented activities with the waqif's stipulations.</li> </ul>

	- Linking financial reports to waqf objectives and strategies.
<b>Suggestions and recommendations for improving presentation and disclosure.</b>	- All measures that ensure the provision of the information listed above.
<b>The extent to which the latest update to the presentation and disclosure standard meets your information needs.</b>	- Not yet applied; therefore, it is difficult to assess.

#### *Core Information in the Current Financial Statements and Its Adequacy*

Participants noted that although current financial statements include basic information—such as the Statement of Financial Position, the Statement of Activities, the Statement of Cash Flows, and accompanying notes—this information does not meet many of their needs. Essential information required to analyze how efficiently the institution uses available resources to fulfill the waqif’s stipulations is missing, and the existing information often lacks sufficient detail. This constrains assessment of the effectiveness of programs and activities, limits opportunities to improve resource efficiency, and hinders measurement of the institution’s financial KPIs and sustainability.

#### *Current Challenges in the Financial Statements*

From the interviews, three main challenges emerged for this stakeholder group: (1) complexity in the presentation of certain items; (2) absence of material information and insufficient notes for several items; and (3) lack of linkage between financial and non-financial information (performance reporting). One participant stated:

*“When reading the waqf institution’s financial statements, we find that they lack essential data and information that should have been included due to its importance to external users. For example, users cannot identify the waqif’s stipulations, the returns (ri’/ghallah), the distributable returns, or the difference between the annual change in net assets presented in the Statement of Activities and the returns. This makes it difficult to determine how proceeds are used to finance activities.”*

Another participant added:

*“The lack of sufficient notes on revenue and expense items presented in the Statement of Activities has prevented us from evaluating the cost of the programs and activities carried out by the waqf institution. For example, all expenses are presented under ‘unrestricted activities,’ whereas revenues are classified under the activity category to which they relate (unrestricted revenues, restricted revenues, or waqf). Therefore, it is difficult for external users to determine the net surplus (or deficit) of each program or activity within these three categories. In addition, there are no notes for most of the revenue and expense items presented in this statement.”*

Participants also agreed that the absence of asset classification by nature (restricted, unrestricted, and waqf corpus) creates another challenge—both for understanding the status of assets generated from operating the waqf corpus in prior periods and for measuring leverage to assess whether unrestricted assets cover liabilities independent of the waqf corpus.

A third participant highlighted that, for evaluating the nature and efficiency of programs, current reports do not disclose the waqif’s stipulations, the criteria for prioritizing

programs and activities under those stipulations, or any performance report linking financial activities to achieved outcomes.

#### *Information That Should Be Considered in the Current Financial Statements*

Employees and consultants emphasized that current financial statements do not meet some of their information needs. They recommended expanding financial statements to include a statement of returns, adequate notes on the waqf deed and the waqif's stipulations and reconsidering the presentation of assets so that assets are classified into restricted, unrestricted, and waqf assets. They also highlighted the importance of providing sufficient notes explaining material items in the Statement of Activities and the Statement of Financial Position.

Participants also emphasized disclosure of the criteria used to select programs and projects and the extent to which these are linked to the waqif's stipulations, as well as the integration of a waqf performance report within annual financial reporting.

#### *Suggestions and Recommendations for Improving Presentation and Disclosure*

Participants summarized their recommendation as follows: "All measures that provide the information identified above should be considered by SOCPA in any future update of the standard."

#### *Extent to Which the Latest Update Meets Information Needs*

Participants' views on the latest update to the not-for-profit presentation and disclosure standard were mixed. One participant found it difficult to judge because the amendments are new and not yet implemented, and the resulting reporting format remains uncertain. Another believed the update covers an important portion of disclosure needs but still requires further development. A third believed that, given the unique nature of awqaf, a standalone waqf standard is needed to cover relevant financial and non-financial information needs.

#### **Analysis of the Supervisory Authority Stakeholder Group: the General Authority for Awqaf**

The General Authority for Awqaf (GAA) in Saudi Arabia is responsible for regulating, preserving, developing, and enhancing awqaf in a manner that strengthens their developmental role in economic and social domains and fulfills waqif stipulations. It plays a supervisory role over waqf institutions to support their development and increase their positive societal impact. Accordingly, the GAA represents a key stakeholder group with distinct financial and non-financial information needs.

For this study, three participants holding senior administrative positions and directly involved in financial supervision of waqf institutions were selected for exploratory interviews. Prior to exploring their suitable accounting presentation and disclosure requirements, the study identified the importance of financial statement information for their supervisory role. Interviews indicated that the Authority seeks financial statement information to achieve several objectives, most notably:

1. Assessing transparency and accountability in waqf administration.
2. Monitoring waqf institutions' compliance with the waqif's stipulations.
3. Evaluating overall financial performance of waqf institutions.

## 4. Assessing the level of governance in waqf institutions.

Participants emphasized that these objectives are central to the Authority's supervisory role. The interview questions were used to explore the adequacy of current information and the nature of information needed to support this role. Table (4) below summarizes the results.

Table (4)

*Results of the interview-question analysis for the General Authority for Awqaf group*

Interview themes	Key themes
<b>Core information in the current financial statements and their adequacy.</b>	<ul style="list-style-type: none"> <li>- Information in the Statement of Financial Position—especially waqf assets.</li> <li>- Information in the Statement of Activities—especially the Waqf column.</li> <li>- Some asset-related notes.</li> </ul>
<b>Current challenges in the financial statements.</b>	<ul style="list-style-type: none"> <li>- The Statement of Activities does not answer many questions, most importantly: <ul style="list-style-type: none"> <li>• Has the waqif's stipulation been fulfilled?</li> <li>• What are the waqf returns (ghallah)?</li> <li>• What portion of returns is distributable?</li> <li>• What are the waqf disbursement channels?</li> <li>• What revenues arise from the waqf corpus ('ayn al-waqf) and what are other revenues?</li> </ul> </li> <li>- Disclosures do not clarify the nature of the waqf, waqf-deed items, or waqf policies on returns/distribution, provisions, trustee remuneration, and related matters.</li> <li>- Variation in standards applied in awqaf between those applying nonprofit standards and those applying for-profit standards.</li> <li>- Some awqaf present an income statement while others present a statement of activities.</li> <li>- Details related to cash and cash equivalents are unclear.</li> </ul>
<b>Information that should be considered in the current financial statements.</b>	<ul style="list-style-type: none"> <li>- Information answering the key question: Has the waqif's stipulation been fulfilled?</li> <li>- How waqf returns are calculated.</li> <li>- Information on trustee/board remuneration.</li> <li>- Information about the waqf and its deed.</li> <li>- Information on the waqif's stipulations.</li> <li>- Information on available cash and its nature.</li> <li>- Detailed information on waqf expenses financed from proceeds and expenses financed from other sources.</li> </ul>
<b>Suggestions and recommendations for improving presentation and disclosure.</b>	<ul style="list-style-type: none"> <li>- All measures that ensure provision of the information listed above.</li> <li>- Expanding the standard to include recognition and measurement for awqaf beyond international-standard requirements.</li> <li>- Preparing a separate statement of waqf returns.</li> <li>- Developing a waqf-specific standard.</li> <li>- Harmonizing accounting practices across waqf institutions.</li> </ul>
<b>The extent to which the latest update to the presentation and disclosure standard meets your information needs.</b>	<ul style="list-style-type: none"> <li>- A limited update that covers some requirements but requires further development.</li> <li>- A limited update; a standalone waqf standard is the most appropriate option.</li> </ul>

*Core Information in the Financial Statements and Its Adequacy*

Participants indicated that the most useful information for the Authority's supervisory role includes information in the Statement of Financial Position—particularly waqf assets—

information related to waqf activities in the Statement of Activities, and certain asset-related notes. However, participants emphasized that this information is limited and insufficient to fully meet the Authority's information needs.

#### *Current Challenges in the Financial Statements*

Participants indicated that the Authority faces several challenges when using current waqf financial statements due to insufficient information required for effective supervision.

Missing information about fulfillment of waqif stipulations, waqf returns and distributable returns, revenues from the waqf corpus, and waqf disbursement channels was viewed as a major challenge in understanding waqf performance. Participants also highlighted inadequate disclosure of the waqf deed, the nature of the waqf, policies related to returns/distribution, trustee remuneration, and provisions and related policies. One participant noted inconsistency in financial statement presentation:

*“When reviewing waqf financial statements, we notice inconsistency in the presentation statements. For example, some waqf institutions present an income statement, while others present a statement of activities. The same applies to the format of the Statement of Financial Position: some statements provide detail on the nature of assets managed (restricted, unrestricted, or waqf assets), while others do not. This stems from variation in the accounting standards applied in waqf institutions: some apply nonprofit standards and others apply for-profit standards. This constitutes another material challenge that limits the Authority's ability to analyze financial data and compare performance across institutions.”*

Participants also emphasized the Authority's need for detailed information about cash presented in the Statement of Financial Position—such as restricted cash, unrestricted cash, and waqf-designated cash—to evaluate liquidity and the capacity to execute restricted projects. The absence of such detail represents an additional challenge for the Authority.

#### *Information that Should Be Considered in the Current Financial Statements*

Participants indicated that the current information provided in waqf financial statements is insufficient. They emphasized the need for additional information on fulfillment of waqif stipulations, waqf disbursement channels, waqf returns, trustee remuneration and the Board of Trustees (if applicable), available cash, and detailed waqf expenses (expenses financed from waqf proceeds and expenses financed from other sources).

Participants further emphasized that waqf financial statements should contain these details in addition to current disclosures, and they stressed the importance of harmonizing accounting practices across waqf institutions to address inconsistency in reporting.

#### *Recommendations and Suggestions to Improve Presentation and Disclosure*

Beyond providing the essential information above, participants identified additional recommendations that should be taken seriously by relevant standard-setting bodies to meet the Authority's information needs as a key stakeholder group:

1. Ensuring provision of the previously requested information to meet adequate information needs.
2. Expanding the current presentation and disclosure standard to include recognition and measurement requirements specific to waqf institutions.

3. Preparing a separate statement of waqf returns to present returns clearly and accurately.
4. Developing a waqf-specific accounting standard that addresses waqf needs and eliminates dual accounting practices in the sector.

#### *Extent to Which the Latest Update Meets Information Needs*

Participants noted that the Authority was actively involved in the process leading to the recent update by developing proposals and recommendations arising from meetings and workshops with waqf experts and practitioners and then engaging in discussions with SOCPA. Participants viewed the update as covering a meaningful portion of required presentation and disclosure needs and as an important step toward the ultimate aspiration of issuing an independent waqf accounting standard.

#### **Analysis of Interviews with SOCPA**

According to Dr. Abdulrahman Al-Razeen (CEO of Professional Standards) and Dr. Yasser Al-Nafisah (who was responsible for the recently issued limited amendment to the not-for-profit accounting standard), SOCPA engaged in extensive discussions with parties involved in the nonprofit sector, including the General Authority for Awqaf, the National Center for Non-Profit Sector Development, and other stakeholders concerned with relevant accounting standards. There were strong demands—particularly from the General Authority for Awqaf—for an independent accounting standard dedicated to awqaf, given the distinctive nature of waqf, based on studies and workshops conducted by the Authority.

They reported that a number of meetings were held with relevant parties and experts, during which different viewpoints were considered and working papers and comments were reviewed. SOCPA's Accounting Standards Board viewed the issuance of a new standard as challenging, requiring substantial effort and cost, and necessitating extensive research to confirm whether an urgent need exists. Nevertheless, the Board was convinced that some amendment to the existing standard was needed. The amendment was therefore labeled a "limited amendment," rather than a full redevelopment or a new standard. They indicated that the amendment was needed for two reasons:

**First:** to ensure alignment between the current standard and international standards. In this context, they argued that the amendment should ideally have been introduced around 2017–2018 alongside the transition from Saudi accounting standards to international standards and the application of IFRS for SMEs.

**Second:** to address part of the urgent and important requirements raised by relevant parties, which SOCPA acknowledged as important.

However, there was also disagreement with stakeholders regarding how to reflect these amendments in the standard. The most debated issue concerned adding certain basic statements—such as a separate statement of waqf returns. The Accounting Standards Board considered it difficult to depart from established practices for presenting financial statements in professional standards, and sought to avoid extending accounting standards into other areas related to the waqf deed and Shariah aspects. Accordingly, matters such as definitions (e.g., "returns/ghallah") were left to the waqf deed or the supervisory authority. Consequently, the largest part of the limited amendment focused on adding disclosures in the financial statements to meet stakeholders' needs for waqf-related financial information.

They further argued that, if further development of the standard is needed, it would involve moving into recognition and measurement requirements. The current standard primarily addresses presentation and disclosure. Entering recognition and measurement would require research, time, and cost, and might require either alignment with international standards or the development of alternative recognition and measurement models—issues that cannot be resolved without adequate study.

They also suggested that future developments could potentially go further, with standards issued by the General Authority for Awqaf itself as a “compliance framework” rather than a “fair presentation framework,” which financial reporting frameworks typically aim to achieve through requirements governing preparation and presentation. These remain viewpoints that warrant further study and research.

Additionally, they observed that part of the existing inconsistency in issued financial statements stems from weak understanding of the standard and its requirements; they emphasized that the amendment addressed a substantial portion of requirements that accountants and auditors need to understand and apply.

In a separate meeting with Mr. Jihad Al-Omari, Chair of the Standards Board at SOCPA, he stated that SOCPA examined the gap between the requirements of waqf-related and nonprofit stakeholders. Based on this, the Board concluded that the limited amendment was sufficient and was careful to keep accounting standards focused on accounting matters only. Accordingly, SOCPA avoided delving into Shariah aspects related to awqaf and associated debates, even if such aspects influence certain accounting issues. The role and objective of standards, as established in the relevant literature, is to provide appropriate presentation and disclosure of information needed by users. For example, the latest amendment did not introduce a separate statement of waqf returns—despite stakeholder demands—because there is no clear standard for how to calculate returns given its linkage to Shariah considerations, the waqf deed, and waqf policies.

### **Discussion of the Study Findings**

This study aimed primarily to explore appropriate accounting presentation and disclosure requirements for stakeholders in waqf institutions and the information that their financial statements should provide. It examined the suitability and adequacy of information currently presented and disclosed in waqf financial statements, as well as the types of information that stakeholders believe should be considered to meet their decision-useful information needs, based on intensive semi-structured interviews. Accordingly, the study first identified the information needs of each of the four stakeholder groups, then assessed whether current financial statements meet those needs, and finally identified missing information that stakeholders wish to be included in current reporting to meet their information needs.

### **The Information Needs of Each Stakeholder Group**

#### *First: The information needs of the waqif group*

Interview findings indicated that waqif stakeholders need fundamental information that enables them to:

1. Assess the extent to which the waqf's objectives and the waqif's stipulations are achieved.

2. Hold trustees accountable and verify whether waqf funds are used in line with the waqif's intent.
3. Make future decisions that contribute to the waqf's growth and sustainability.

*Second: The information needs of beneficiaries (mawqūf 'alayhim)*

Interviews indicated that beneficiaries believe waqf financial statements should provide the following information:

1. Sufficient information to understand the waqif's stipulations regarding waqf purpose, governance of the waqf corpus, and distribution of returns, as specified in the waqf deed.
2. A sufficient basis for evaluating performance, including details of revenues, administrative expenses, charitable activities (disbursement channels), results, and waqf returns.
3. Any information that enables beneficiaries to assess whether the waqif's stipulations were fulfilled.
4. Any information that enables beneficiaries to hold management accountable.

*Third: The information needs of employees*

Findings indicated that employees' information needs focus on:

1. Key performance indicators (KPIs) related to financial performance.
2. Fulfillment of the waqif's stipulations and implementation of disbursement channels.
3. Return on waqf assets.
4. Spending efficiency in the waqf.
5. Detailed waqf revenues and expenses.

*Fourth: The information needs of the General Authority for Awqaf*

The study found that the Authority has four main information interests to enable it to fulfill its supervisory role:

1. Assessing transparency and accountability in waqf administration.
2. Monitoring compliance with the waqif's stipulations.
3. Evaluating waqf institutions' overall financial performance.
4. Assessing the level of governance in waqf institutions.

*The Extent to Which Current Financial Statements Meet Stakeholders' Information Needs*

The intensive interviews with all stakeholder groups revealed that current financial statements lack substantial essential information needed to meet stakeholders' information needs and to enable evaluation of waqf performance and informed decision-making. Each group identified information that the current financial statements do not provide, despite being viewed as material.

*Information that Should Be Considered in Current Financial Statements to Meet Stakeholders' Needs*

The following table summarizes the information that all stakeholder groups emphasized should be included in waqf financial statements to meet their core information needs.

Table (5)

*Summary of information that should be considered in financial statements to meet stakeholders' information needs*

Waqif group	Beneficiaries (mawqūf 'alayhim)	Employees group	General Authority for Awqaf
<ol style="list-style-type: none"> <li>1. Information answering the key question: Has the waqif's stipulation been fulfilled?</li> <li>2. Detailed information on waqf assets by type (waqf corpus, investments, current assets, assets used in waqf operations).</li> <li>3. Information on waqf proceeds (ri'/ghallah) and revenues obtained from non-proceeds sources ("other contributions").</li> <li>4. Detailed information on waqf expenses financed from proceeds and expenses financed from other sources.</li> <li>5. Information on the waqif's stipulations.</li> </ol>	<ol style="list-style-type: none"> <li>1. How waqf returns are calculated.</li> <li>2. Detailed information on: waqf corpus, waqf investments, current assets, assets used in waqf operations.</li> <li>3. Information answering the key question: Has the waqif's stipulation been fulfilled?</li> <li>4. Information on trustee/board remuneration.</li> <li>5. Information about the waqf and its deed.</li> <li>6. Information on the waqif's stipulations.</li> <li>7. Information on waqf proceeds and revenues from other sources.</li> <li>8. Information on available cash and its nature.</li> <li>9. Information explaining net assets.</li> <li>10. Detailed information on waqf expenses financed from proceeds and expenses financed from other sources.</li> <li>11. Information on the nature of the annual surplus.</li> </ol>	<ol style="list-style-type: none"> <li>1. Sufficient disclosure of waqf-deed items and the waqif's stipulations.</li> <li>2. A statement of waqf returns alongside the Statement of Activities.</li> <li>3. Reclassification of assets in the Statement of Financial Position by type (waqf corpus, investments, current assets, etc.).</li> <li>4. Sufficient detail on expense and revenue items in the Statement of Activities.</li> <li>5. Disclosure of bases/criteria used to align implemented activities with the waqif's stipulations.</li> <li>6. Linking financial reports to waqf objectives and strategies.</li> </ol>	<ol style="list-style-type: none"> <li>1. Information answering the key question: Has the waqif's stipulation been fulfilled?</li> <li>2. How waqf returns are calculated.</li> <li>3. Information on trustee/board remuneration.</li> <li>4. Information about the waqf and its deed.</li> <li>5. Information on the waqif's stipulations.</li> <li>6. Information on available cash and its nature.</li> <li>7. Detailed information on waqf expenses financed from proceeds and expenses financed from other sources.</li> </ol>

	<p>12. Historical information about the waqf and its transformations.</p> <p>13. Narrative information on waqf performance, governance, and sustainability.</p> <p>14. Information on financing sources for newly added waqf assets.</p> <p>15. Information distinguishing family allocations and charitable allocations.</p>		
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### The Contribution of the Research

From a practical perspective, this study offers important findings for the awqaf sector in general and for the Saudi awqaf sector in particular. It achieves the study's main objective by identifying the nature of financial information presented and disclosed in waqf financial statements that meets the information needs of all stakeholder groups, based on an applied field study using intensive interviews with representative participants. Accordingly, the study provides direct contributions to (i) the scholarly literature on waqf accounting—especially in Saudi Arabia; (ii) the accounting profession's standard-setting bodies in the Kingdom; and (iii) the supervisory authority for the waqf sector (the General Authority for Awqaf). It also provides indirect contributions by promoting transparency and accountability and thereby supporting sustainability in the waqf sector.

From a knowledge perspective, this study adds value to the existing literature on developing accounting practices aligned with the distinctive nature of waqf institutions, particularly in Saudi Arabia. It is among the first studies to empirically explore stakeholders' accounting presentation and disclosure requirements for waqf institutions through intensive interviews with representative numbers of the key stakeholder groups. As such, it enriches academic inquiry with findings drawn directly from the field and from the primary users of waqf financial statements.

### The Limitations of the Research

Although the study provides material results regarding evaluation of current waqf financial statement outputs and the nature of adequate and relevant information that should be included to meet stakeholders' information needs, several limitations should be considered in future research.

While the study explored the information needs of the four stakeholder groups through a comprehensive sample of 14 participants drawn from these groups, which is sufficient for an exploratory interview-based study, the findings could be broadened if future studies adopt

larger representative samples for each stakeholder group separately. Therefore, future research that explores accounting presentation and disclosure requirements for stakeholders in waqf institutions is encouraged to use a larger within-group sample for each stakeholder category, to ensure full information saturation compared to the results reported in this study.

### **The Recommendations of the Research**

The researcher recommends several matters viewed as material and worthy of consideration:

1. The researcher recommends that the accounting standard-setting body, in coordination with the General Authority for Awqaf and other relevant nonprofit bodies, consider the following research and development directions:
  - a. Studying accounting recognition and measurement in not-for-profit entities in general and in awqaf in particular.
  - b. Examining the suitability of applying international accounting standards in the awqaf sector.
  - c. Examining the relationship between the legal, regulatory, and Shariah dimensions of awqaf and accounting dimensions related to recognition, measurement, presentation, and disclosure.
  - d. Examining the suitability of issuing a waqf-specific compliance framework by the General Authority for Awqaf instead of the current fair presentation framework embodied in mandatory standards.
  - e. Examining the adequacy of the limited amendment to the not-for-profit accounting standard for presentation and disclosure in waqf financial reporting.
  - f. Studying challenges that the awqaf sector may face if it adopts accounting standards or a waqf-specific compliance framework.

The researcher believes these and related studies would have a significant impact in determining the appropriate development path for the current not-for-profit accounting standard or for issuing a standalone waqf standard.

1. The researcher recommends that the accounting regulator in the Kingdom consider developing an accounting standard dedicated to the waqf sector due to its unique nature and stakeholder information needs.
2. The researcher recommends that supervisory bodies and stakeholders in the awqaf sector adopt workshops, training courses, and development meetings for accountants and auditors to explain waqf-specific accounting practices and the associated presentation and disclosure requirements.
3. The researcher recommends that providers of accounting systems and software develop waqf-specific accounting and financial programs that cover the output requirements of waqf accounting work—including presentation and disclosure requirements—consistent with the needs of awqaf entities.

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