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**FINANCIAL STATEMENT ANALYSIS OF ZAKAT
INSTITUTIONS IN KEDAH AND SELANGOR: YEAR 2015
AND YEAR 2016**

NOR SALWANI BT BADRUL HISHAM



UNIVERSITI UTARA MALAYSIA

2018

**FINANCIAL STATEMENT ANALYSIS OF ZAKAT INSTITUTIONS IN KEDAH
AND SELANGOR: YEAR 2015 AND YEAR 2016**

A thesis submitted to the Graduate School in partial fulfillment of the requirement
for the degree Master of Science (International Accounting)

By

Universiti Utara Malaysia

Nor Salwani Bt Badrul Hisham



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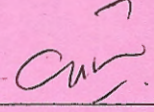
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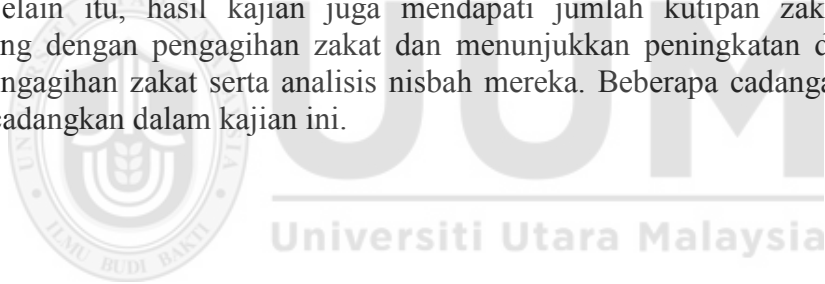
ABSTRACT

Analysis of financial statement in an organization is important for stakeholders to estimate the growth of financial performance and future forecast planning. Then, analyzing the financial statement of zakat institutions such as Lembaga Zakat Negeri Kedah and Lembaga Zakat Selangor is mostly important to estimate the performance of zakat institutions especially in the context of zakat collection and distribution, and related with financial statement such as income statement and balance sheet to assess its sustainability in the future. Outrages community about poor performance of zakat collection and inefficiency of zakat distribution to the asnaf should be answered using detailed analysis towards financial data reported and audited. Hence, the purpose of this study is to analyze the financial statement based on annual reports of zakat institutions in Kedah and Selangor in year 2015 and year 2016 by using analysis percentage of horizontal and vertical analysis between zakat collection and distribution. Another analysis adopted is ratio analysis based on liquidity analysis in terms of working capital, current ratio, and quick ratio. Debt repayment ability analysis uses debts ratio while return on assets is listed under performance analysis. This study found that in general, there was an increase or decrease in zakat collection by category of zakat. Furthermore, the results also found that the total zakat collection was lower compared to zakat distribution as well as the increase or decrease in the pattern of zakat distribution and their ratio analysis. Some suggestions and policy implications are suggested in this study.

Keywords: *Annual report; Financial Statement Analysis; Efficiency; Collection; Distribution; Ratio Analysis.*

ABSTRAK

Analisis penyata kewangan dalam organisasi adalah penting kepada pihak berkepentingan untuk menganggarkan pertumbuhan prestasi kewangan dan perancangan masa depan. Kemudian, menganalisis penyata kewangan institusi zakat seperti Lembaga Zakat Negeri Kedah dan Lembaga Zakat Selangor adalah yang paling penting untuk menganggarkan prestasi institusi zakat terutamanya dalam konteks kutipan dan pengagihan zakat dan berkaitan dengan penyata kewangan seperti penyata pendapatan dan kunci kira-kira untuk menilai kelestariannya pada masa akan datang. Sanggahan masyarakat mengenai prestasi kutipan zakat yang kurang memberangsangkan dan ketidakcekapan pengagihan zakat kepada golongan asnaf harus dijawab dalam analisis terperinci terhadap data kewangan yang dilaporkan dan diaudit. Oleh itu, tujuan kajian ini adalah untuk menganalisis penyata kewangan berdasarkan laporan tahunan institusi zakat di Kedah dan Selangor pada tahun 2015 dan 2016 dengan menggunakan peratusan analisis mendatar dan menegak antara kutipan dan pengagihan zakat. Analisis lain yang diterima pakai adalah analisis nisbah berdasarkan analisis kecairan dari segi modal kerja, nisbah semasa dan nisbah cepat. Dari analisis keupayaan pembayaran balik hutang digunakan nisbah hutang dan pulangan atas aset dalam analisis prestasi. Kajian mendapati secara umum terdapat peningkatan dan pengurangan zakat melalui kategori zakat. Selain itu, hasil kajian juga mendapati jumlah kutipan zakat lebih rendah berbanding dengan pengagihan zakat dan menunjukkan peningkatan dan pengurangan corak pengagihan zakat serta analisis nisbah mereka. Beberapa cadangan dan implikasi dasar dicadangkan dalam kajian ini.



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ABBREVIATIONS

MAIS	Majlis Agama Islam Selangor
MAINPP	Majlis Agama Islam Negeri Pulau Pinang
MAIJ	Majlis Agama Islam Johor
MAIDAM	Majlis Agama Islam Dan Adat Melayu Terengganu
MUIS	Majlis Ugama Islam Sabah
OYAGS	Othman Yeop Graduate School
UUM	Universiti Utara Malaysia
PPZ-MAIWP	Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan
PZM-MAIM	Pusat Zakat Melaka Majlis Agama Islam Melaka
PZNS-MAINS	Pusat Zakat Negeri Sembilan Majlis Agama Islam Negeri Sembilan
PKZ-MAIP	Pusat Kutipan Zakat Majlis Agama Islam Pahang
LZS	Lembaga Zakat Selangor
ROA	Return on Assets



CHAPTER 1

INTRODUCTION

1.0 Introduction

Zakat is one of the pillars of Islam that is compulsory for the Muslims when they have met the requirement of paying zakat. Zakat is also a regulation from Allah Himself that must be fulfilled by the Muslims as mentioned in al-Quran 60 times and 27 of it together with prayer obligation. The verses of 43 in Surah al-Baqarah state that "And establish prayer and give zakat and bow with those who bow [in worship and obedience]" (Quran.com, 2016). Order in issuing zakat shows that it is important in the community and for country development as well as stabilizing the economy, especially for the Muslim countries. The role of zakat is not only symbolic for the relationship between the richer and poorer, but zakat fund can improve the standard living of ummah (Ram Al Jaffri, 2016). If zakat is managed in a good manner, it can be made as a medium of economic, politic, and social well-being.

In Malaysia, zakat fund is important to the country and the Muslims after tax, which was introduced by the government. Zakat fund is used for the development of ummah especially in an effort to help the government to reduce poverty. Therefore, zakat institutions have been established in all states in Malaysia.

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APPENDICES

