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The Analysis Feasibility Study on the Financial Aspects of Islamic Perspective

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***Abstract*—The purpose of this study is to calculate the feasibility of investing in the financial aspects by using an Islamic perspective namely Hamdi's Method. Hamdi's Method uses the calculations of gold value method (GVM) and gold index (GI) which is a substitute for calculations in conventional concept, namely net present value (NPV) and profitability index (PI). The GVM and GI method is a new method for calculating financial aspects in determining the feasibility of investing in an Islamic perspective. The calculation of the GVM and GI methods uses the gold standard based on the word of Allah ta'ala in the letter at Taubah verse 34. From the word of Allah ta'la this was developed by Ibnu Khaldun who stated that gold and silver are measure of value. In this paper try the case of opening a business an English course by using the Hamdi's Method which then compares investment feasibility decisions using conventional method namely NPV and PI. The calculation results show that the business of English course is feasible using the Hamdi's Method. The result is the same as using NPV and PI calculations. Thus calculating the feasibility of investing in the financial aspects by using an Islam perspective namely the Hamdi's Method can be used as a new method in academic field.**

Keywords: Hamdi's Method, Islamic perspective, financial aspects

I. Introduction

In a conventional economy, investment theory is inseparable and is very dependent on the role of interest. The interest is an indicator of fluctuations that occur in investment and savings. When interest (*deposit interest and bank loan interest*) is high, the tendency to save money in the form of savings will increase, while the amount of investment will be relatively down. Vice versa, when interest is low, the amount of savings will decrease and investment will increase. Thus it can be said that the motivation in savings and investment activities in conventional is dominated by material profit motives (returns) that can be obtained from both.

Likewise, the calculation of investment is also based on interest. The interest rate is used as the basis for calculating investment feasibility so that the expected profit exceeds interest income if the fund is saved in the bank. To determine the size of the discount factor in calculating the net present value used by the prevailing bank interest rates. Whereas in the perspective of Islamic interest it is haram so that interest cannot be used as the basis for calculating investment feasibility.

Therefore, the research tried to use the golden basis in calculating the feasibility of investment in accordance with the word of God in At Taubah verse 34. Ibn Khaldun supported the use of gold and silver as a monetary standard and several opinions of some scholars such as Imam Ghazali who stated that Allah Ta ' ala creating Dinars and dirhams as judges (breakers) and mediators or mediators against other assets to measure value or price.

Whereas in the perspective of Islamic economics, investment is not only aimed at seeking material (profit) benefits only. The main purpose is the encouragement to carry out activities to develop money to get a reward by being obliged to pay zakat from the acquisition of business profits. In business activities, this enthusiasm can be achieved with investments that adhere to Islamic sharia principles. Investment is an active form of Islamic sharia economy, because every asset has zakat. If the property is kept quiet, then the property will be consumed by the zakat. Whereas the assets invested will not be consumed by zakat, except the benefits. Profit is compensation from the compensation of labor and time sacrificed, business risk and the threat of the entrepreneur's safety. So that it is very reasonable for someone to get a profit which is compensation for the risks they bear.

Research conducted by Aziz and Rahman [1], Rahman and Rosman [2], Chantuk et al. [3], Hussain and Shafique [4], Platona and Constantinescua [5], Fathurohman et al. [6], Rigopoulos [7], Panekenan et al. [8] only using conventional methods while there is one article by Islam [9] explaining the concept of sharia in finance.

Study is to calculate the feasibility of investing in the financial aspects by using an Islamic perspective namely Hamdi's Method. Hamdi's Method uses the calculations of gold value method (GVM) and gold index (GI) which is a substitute for calculations in conventional concept, namely net present value (NPV) and profitability index (PI). The GVM and GI method is a new method for calculating financial aspects in determining the feasibility of investing in an Islamic perspective. This research tries to conduct research as an implications of the concept of sharia and examples of cases in making business in English Language courses to enrich research in financial management so that new concepts of Islamic finance will be found in the field of business feasibility study analysis.

II. Literature Review

Analysis of aspects of sharia finance is financial managerial activities to achieve business objectives by carrying out and paying attention to the conformity between financial calculation and sharia principles.

Sharia principles in financial aspects include:

A. Every Act Will be Held Accountable

"And it is not your wealth nor your children that bring you near Us in the least; but those who believe and do deeds, they are the doers of reward for what they did, and they are safely in high places. "(QS As Sabaa '34; 31).

B. Every Property Obtained has the Rights of Others

"And in their possessions there is the right of the poor who ask and the poor who have no part" (QS. Adz-Dzariyaat 51; 19).

"O ye who believe! Spend (in the way of Allah) some of the provisions that We have given you before the coming of the day which there is no longer a sale and no intercession. And the Unbelievers are the unjust. " (QS.Al Baqarah 2; 254).

"The parable of the people who spend their wealth in the way of Allah is similar to a grain that grows seven ears, in every one hundred seeds. Allah multiplies (reward) for whom He wills. And Allah is All-Embracing, All-Knowing. " (QS.Al Baqarah 2; 261).

1) *Money as a Medium of Exchange is not a Commodity Traded*

"Those who eat (take) usury can not stand except as the establishment of a devil because of (curiosity) madness. That is because they say: The sale and purchase are the same as usury, but Allah has justified the sale and forbidden usury. Those who have come to him forbid from their Lord, and continue to quit (from taking usury), then for him what he had taken before (before coming); and his affairs (up to Allah). The person who returns (usury), then the person is the dwellers of the Fire; they will abide therein ". (QS.Al Baqarah 2; 275)

"And what auxiliary riba you give him to increase in the property of man, then usury does not add to the side of God. And what ye give in the form of charity which ye mean to attain the pleasure of Allah, it is they who doubled." (Q. Ar Ruum 30; 39).

The feasible study is a systematic report of research using scientific analysis of the feasibility or non feasibility of proposed business that is lawful in view of Islamic sharia in the context of the company's investment plain. The feasibility report is made as one of the efforts of Allah ta'ala, who expects help and love of Allah so that the business that will be carried out will gain the material benefits materially in the form of money and non-materials such as improving product quality, increasing production and improving the quality of human resourses [10].

Assessment of investment feasibility by using NPV, which prioritizes financial feasibility analysis, will certainly reject investment business with a net cash flow value that is smaller than capital. Because the investor will suffer losses. However, in Islamic principles, investment should not be by determining profit in advance, but it is done through profit sharing both in terms of profit and loss (profit and loss sharing). This principle upholds justice, because the end result of a real business activity cannot be ascertained. If the determination of profits is up front, it is likely that one party will suffer a loss. While Islam requires a fair calculation of profit sharing by involving fund providers and business activity [10].

The use of the gold standard in the calculation of the GVM is based on the opinion expressed by Ibn Khaldun, stating that two metals, namely gold and silver, are measures of value. These metals are naturally accepted as money where the value is not affected by subjective fluctuations. As per the word of God in the letter At Taubah: 34: "O ye who believe, Surely most of the Jews and the monks of Christianity really eat the property of the people with vanity and they obstruct (mankind) from the path of Allah. and those who keep gold and silver and do not spend them in the way of Allah, then tell them (that they will get a painful punishment).

Therefore, Ibn Khaldun supports the use of gold and silver as monetary standards. For him, making coins is only a guarantee given by the authorities that a coin contains a certain amount of gold and silver. The printing is a religious office, and therefore is not subject to temporal rules. The amount of gold and silver contained in a coin cannot be changed once the coin has been issued.

In addition there are opinions of some scholars such as Imam Ghazali who stated that Allah Ta'ala created Dinars and dirhams as judges (breakers) and mediators or mediators against other assets to measure value or price. Sarkhasi argues that gold and silver as any form created by Allah Ta'ala as a price substance. Al Magrizi stressed that there had never been any news from any people who claimed that they had made currencies other than gold and silver, both in the past and in the present.

III. Methods

The data used in this study are secondary data and primary data. This secondary data is obtained from the supporting business data of business in English Language and primary data is data obtained from the data from interviews regarding this business. Data collection techniques are observation, interview and literature study.

The GVM method calculates the investment return after deducting the initial investment value in gold units. If the results of the calculation of the Positive Gold Income (gram), then the investment is feasible. The formula for the GVM method can be written as follows:

$$GV_n = \sum^{n}_{t=1}(LBtxNt): (Het) - INV \qquad (1)$$

GVn = investment surplus for n years
LBt = Net Profit (cash inflows)
Nt = Profit sharing
HEt = Net Profit (cash outflows)
INV = Initial Investment

n = project age
t = period

The Gold Index or GI is the ratio between the Present Value of gold and the Present Value of gold from cash flow expenditure. If the value of the calculation is more than one, this investment is feasible. This method gives results that are consistent with the Gold Value Method.

GI = Gold PV / Total investment (2)

IV. RESULTS AND DISCUSSION

TABLE I. EARLY INVESTMENT (FIXED ASSET FUNDS)

NO	Information	Unit	Price (IDR)	Total Capital
1	Building	1	500.000.000	500.000.000
	Equipments consist of :	-	-	-
2	Computer	1	5.000.000	5.000.000
3	Chairs	200	250.000	50.000.000
4	Projector	1	4.000.000	4.000.000
5	AC	5	3.000.000	15.000.000
6	Printer	1	850.000	850.000
7	Telephone	1	300.000	300.000
8	Whiteboard	4	550.000	2.200.000
9	Speaker	4	600.000	2.400.000
10	Duster	4	10.000	40.000
	Total			579.790.000

TABLE II. MONTHLY EXPENDITURE TOTAL

NO	Information	unit (s)	Price (IDR)	total expense
1	Salary expense	7	-	19.000.000
2	Electric expense	1	-	1.500.000
3	Depreciation		-	9.663.167
	Equipmenrts **consist of :**	-	-	-
5	Text book	200	10.000	2.000.000
6	Boardmarker	10	7.000	70.000
7	Printer ink	1	120.000	120.000
8	Boardmarker ink	1	52.000	52.000
9	Pen	5	8.000	40.000
10	Paper	1	35.000	35.000
	Total			32.480.167

Cash Inflow analysis is in table 3

TABLE III. CASH INFLOW ANALYSIS (IDR)

Information	1st	2nd	3rd	4th	5th
Income					
Fees Earned	720.000.000	900.000.000	1.080.000.000	1.260.000.000	1.440.000.000
Expenses					
Salary Expense	228.000.000	270.000.000	290.400.000	312.000.000	354.000.000
Electric Expense	18.000.000	18.500.000	19.000.000	19.500.000	2.000.000
Depreciation	115.958.000	115.958.000	115.958.000	115.958.000	115.958.000
Equipments					
Textbook	24.000.000	30.000.000	36.000.000	42.000.000	48.000.000
Boardmarker	70.000	80.000	90.000	100.000	110.000
printer ink	600.000	700.000	800.000	900.000	1.000.000
boardmarker ink	312.000	330.000	348.000	366.000	384.000
Pen	240.000	270.000	300.000	330.000	360.000
Paper	420.000	480.000	540.000	600.000	660.000
Total Expenses	**387.600.000**	**436.318.000**	**463.436.000**	**491.754.000**	**522.472.000**
EBIT	332.400.000	463.682.000	616.564.000	768.246.000	917.528.000
Tax	53.100.000	85.920.000	129.969.200	175.473.800	220.258.400
Net Profit	**279.300.000**	**377.762.000**	**486.594.800**	**592.772.200**	**697.269.600**
CashInflow	**395.258.000**	**493.720.000**	**602.552.800**	**708.730.200**	**813.227.600**

TABLE IV. PAYBACK PERIOD ANALYSIS (IDR)

Year	Cash Inflow Cumulative
0	(579.790.000)
1st	(184.532.000)
2nd	309.187.500

Explanation:

payback period = 184.532.000/493.719.500 = 0,37+1 = 1,37 years (3)

so the payback period is 1,37 years.

A. *Conventional Method*

1) *Net Present Value Analysis (NPV)*

TABLE V. NET PRESENT VALUE ANALYSIS (IDR)

Year	Cashinflow	DF(10%)	Present Value (PV)
1st	395.258.000	0,9091	359.329.048
2nd	493.719.500	0,8264	408.009.795
3rd	602.552.800	0,7513	452.697.919
4th	708.730.200	0,6830	484.062.727
5th	813.227.600	0,6209	504.933.017
	Total Cashinflow PV	-	2.209.032.505
	Total Investment	-	579.790.000
	NPV	-	1.629.242.505

Explanation:

Net present value is positive so this business is proper to be continued.

2) Profitability index analysis

$$\text{Profitability index} = \frac{\textit{CASHFLOW PV}}{\textit{TOTAL ASSET}}$$

= (2.209.032.501 / 579.790.000)
= 3.81

Profitability index value is over 1, So this investment is proper to be continue.

3) Internal rate of return analysis: Internal rate of return analysis in table 6.

TABLE VI. INTERNAL RATE OF RETURN ANALYSIS (IDR)

Year	Cashinflow	DF(10%)	Present Value (PV)	DF (90%)	Present Value
1st	395.258.000	0,9091	359.329.048	0,5263	189.114.878
2nd	493.719.500	0,8264	408.009.795	0,277	113.018.713
3rd	602.552.800	0,7513	452.697.919	0,1458	66.003.357
4th	708.730.200	0,6830	484.062.727	0,0767	37.127.611
5th	813.227.600	0,6209	504.933.017	0,0404	20.399.294
	Total Cashinflow PV	-	2.209.032.505	-	425.663.853
	Total Investment	-	579790000	-	579.790.000
	NPV	-	1.629.242.505	-	-154.126.147

Explanation

IRR = 83,08 %

It's mean invested capital Rp 579.790.000 when compared to the cost of capital or interest 10% resulted higher IRR that is 83,08%. So this investment is proper to be continued.

B. Sharia Method

1) Gold Value Method Analysis (GVM): Gold Value Method Analysis (GVM) in table 7.

TABLE VII. GOLD VALUE METHOD ANALYSIS (GVM)

Year	Net Profit (IDR)	Profit Sharing Ratio	Profit Sharing	Gold Price (IDR)	Earnings after Coverted to Gold
1st	279.300.000	0.6	167.580.000	480.000	**349**
2nd	377.761.500	0.6	226.656.900	552.000	**411**
3rd	486.594.800	0.6	291.956.880	634.800	**460**
4th	592.772.200	0.6	355.663.320	730.020	**487**
5th	697.269.600	0.6	418.361.760	839.523	**498**
		Total Gold Earnings	1.460.218.860	-	2.200
		Total Investment	579.790.000	480.000	**1.200**
		Gold Earnings Value	**880.428.860**		1.000

The results of the calculation GVM is positive of Gold earnings value (1.000 grams), so this business is feasible.

2) Gold index analysis

GI = 2200 / 1200

GI = 1,83

Because GI Value is more than 1 so this business is proper to be continued.

V. CONCLUSION

The results of the calculation of the financial aspects, it shows that the analysis of the feasibility study of sharia businesses which takes a case study of business English course in Pekanbaru shows that this effort is feasible. It is the same with conventional method (NPV, PI and IRR). The calculation results show that the business of English course is feasible using GVM and GI. The result is the same as using NPV and PI calculations. Thus calculating the feasibility of investing in the financial aspects by using an Islam perspective namely the Hamdi's Method (Gold Value Method and Gold Index Method) can be used as a new method in academic field. This shows that the analysis of calculations using the sharia method can be used in assessing investment feasibility. The method is the calculation of Gold Value Method (GVM) and Gold Index Method (GI).

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