University of Palestine

Course No:
Course title: Islamic banking Accounting
Date: 11/03/2016
No. of Questions: (3)
Time: 1 hours
Using Calculator (Yes)

Midterm Exam
Second Semester
2016/2017
Total Grade:

Instructor: Dr. Ahmed A. M. Al-Afifi
Student No.: _____
Student Name: _____
College Name: Business and Finance
Dep. / Specialist: Accounting-English
Using Dictionary (No)

Question One: State whether the following statements are true or false   5 marks

	statement	T/F
1.	The basic principles behind Islamic banking are sharing of profit and loss and prohibition of the collection and payment of interest.	
2.	During the Umayyad and Abbasid Eras, it was Shifting of the Treasury House to Damascus, , where a bigger building was designated as Bait al-Mal.	
3.	At the end of a financial period, equity of restricted investment account holders shall be measured at its book value.	
4.	Al-Murabaha is a form of partnership between the owner of capital "Rab al-mal" another person, termed as the mudharib.	
5.	Al-Wadi'ah is one of the most commonly used in the Islamic banks. It means the thing left with a person who is not its real owner for the purpose of safekeeping.	
6.	The Islamic bank may act as both the rab al-mal and the mudharib. This is what is termed as the two-tier Mudharabah.	
7.	Mudharabah muqayaddah is where the investor fully authorizes the bank to invest the funds without restrictions as to where, how and what purpose the funds should be invested as long as it is deemed appropriate.	
8.	Islamic non-bank financial institutions include finance companies, Islamic housing cooperatives and Islamic banks.	
9.	In case the Islamic bank makes it a condition that the funds will not be invested before a certain date, then the funds received shall be recorded in a current account until their date of investment is due.	
10.	Bilateral mudaraba means that there are at least two capital providers and one entrepreneur	

Question two: Choose the best answer   5 marks

1- List at least five Differences between Conventional and Islamic banking:

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Question three: 5 marks

Mr. Ahmed Belal (Rabbul Mal - RM) provides $150,000 capital to Arab-Islamic bank (Mudarib -MU1) with PSR 66:34. Arab-Islamic bank is in turn handed over to Al-Nahdah Co. (Mudarib -MU2) with profit sharing ratio 60:40. If you know that the venture earns a net profit of $80,000,
Required: Allocate the shares of profits for all parties.

End of Questions
Good Luck