



Course No:
 Course title: Islamic banking Accounting
 Date: 09/01/2018
 No. of Questions: (4)
 Time: 4 hours
 Using Calculator (Yes)

Final Exam
 First Semester
 2017/2018
 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 (15 marks)

	statement	T/F
1.	In Mudaraba, All partners must participate in management, even if not to same extent.	
2.	According to operating Musharaka (constant), the partner's share in Musharaka capital remains (constant) throughout its period.	
3.	Bilateral Mudaraba contains three parties; capital provider, intermediate Mudarib and final Mudarib.	
4.	Ijarah is resorted to financing the acquisition of assets, whereby, the bank acquires a relevant asset and subsequently leases the asset to the customers for a fixed period on a lease rental basis.	
5.	According to Ijarah Muntahia Bittamleek, no need to determine the contract period because the company will be for the client at the end.	
6.	In Ijarah, the lessor will bear the liabilities of damage and basic maintenance that causes by negligence.	
7.	At the end of financial period, equity of unrestricted investment account holders shall be measured at their book value in the books of the Islamic bank.	
8.	In Ijarah, If the costs are material, it shall be charged directly in the income statements as an expense to the financial period.	
9.	Musharaka financing is not widely offered by Islamic bank because of passive risk appetite of the bank and lack of trustworthy	
10.	Musharaka financing is an ownership of the right to the benefit of using an asset in return for consideration	
11.	In Mudaraba, the loss will be borne by the Rab al- mal who is the financier according to his contribution in Capital.	
12.	If Rabbul Mal invested \$200,000 with Mudarib with profit sharing ratio of 70% to RM and 30% to MU, and the investment results was a profit of \$80,000, then the Mudarib will get \$24,000. however, he will borne same amount if they make a loss.	
13.	Leased assets should be presented in the lessor's statement of financial statements as an Investment in Ijarah Assets.	
14.	5 awaq Silver = 595 g of silver, while 5 awsuq = 653 kg of grains.	
15.	Urboun is amount paid by the purchase orderer upon request of the purchaser to make sure that the orderer is serious in his order of the asset. However, if the promise is binding and the purchase orderer declines to purchase the asset, the actual loss incurred to the purchaser shall be made good from this amount.	



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Question Two

(15 marks)

1. Palestinian Ijarah House provide a lease finance to Afifi Co. for assets worth \$150,000 for a period of 10 years. The rental revenue is 3% higher than market operating lease rate of 10% of the financing amount

Required:

- a) Distinguish between operating Ijarah and Ijarah Muntahia Bittamleek.
- b) If Afifi Co. decides to acquire the asset at end of period, what the types on the accounting policy are for transfer it to them.

2. Arab Islamic Bank provided working capital to GOGO Construction based on principle of Musharaka mutanaqisah amounting to RM 600,000. Profit and loss sharing ratio as agreed by both parties is similar to the ratio of capital contribution that is 40:60 (Bank: Customer) at the beginning of the contract. The repayment shall be equal throughout the contract period. GOGO Construction had financial difficulties during year 3 and thus only managed to pay 40% of the agreed repayment amount and delayed the remaining amount for 4th year.

Assume that GOGO Construction made profit 200,000\$ in the first year, and 160,000\$ Loss in the second year, loss 100,000 in the third year, and another 300,000\$ Profit in the fourth year.

Required:

- 1- Determine the profit or loss based to be recognized by both Arab Islamic Bank and GOGO Construction from year 1 to year 4.

year	PSR Bank : GOGO	Capital bank	Capital GOGO	Capital repayment	CCR Bank : GOGO	Profit / Loss \$	Profit / Loss Bank	Profit / Loss GOGO
1								
2								
3								
4								

Question three

(10 marks)

1. Islamic Bank entered into an Ijarah contract with Abu Saleem Ltd to lease equipment for a period of 3 years. Bank Ummah purchased an equipment from a local trader on 1 April 2010 for 100,000 \$. The Bank also incurred legal fees of 600 \$ relating to the Ijarah contract, which the bank considered to be immaterial. Other details on the Ijarah are as follows:

- Fair value of equipment: At the beginning of Ijarah is 100,000 \$, At the end of the lease i.e. 31 March.2013 is 4,000\$.
- Number of installments on semi-annual basis = 6



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- Rentals at the end of each 6 months = 20,000 \$
- Estimated residual value at the end of useful life = N 10,000

Required:

Prepare journal entries to record the above Ijarah contract in the books of Islamic Bank assuming the lease was treated as IMB through sale for a token consideration (agreed to be equivalent to 102% of estimated residual value at the end of useful life) for the following periods:

- At the beginning of Ijarah;
- On receipt of first rental;
- At the end of first year; and,
- At the end of Ijarah term.

Question four (10 marks)

Statement of Financial Position as at 31 December 2008

	RM'000		
Fixed Assets:	17,300	Current Liabilities:	(15,000)
Fixtures and Fittings (NBV)	70,500	Creditors	(2,000)
Equipment	5,000	Proposed Dividends	
Motor Vehicles	20,500	Net Assets	156,800
Intangible Assets			
		Financed by:	100,000
Current Assets:	28,000	Capital	50,800
Cash at Bank	9,000	Reserve	6,000
Stock	23,500	Long Term Loan	
Debtors			156,800

At the end of the year, you have been informed of the following additional information:

- Palestinian Islamic bank has borrowed through short term financing facilities from a local bank on the 1st April 2008 to buy machinery equipment amounting to RM12,000,000. This amount has already been included as part of the debtors in the Statement of Financial Position.
- Part of the stocks in the above Statement is stock of goods for sales (Finish foods) valued at RM500,000
- One of the debtors in the above Statement is a non-trade debtor and the amount due is RM1,000,000.

Required: Determine the zakatable amount and zakat payable by Palestinian Islamic bank for the year ended 31st. December 2008 using Net Growing Capital method.

End of Questions ... Good Luck