



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.	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.	
3.	At the end of a financial period, equity of restricted investment account holders shall be measured at its fair value.	
4.	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	
5.	If the partial loss of the capital occurs by fire before the work on the Mudaraba is started. This should be deducted from Mudaraba financing account and debit to P & L regardless if it due to negligence of the Mudarib or not.	
6.	The Islamic bank may act as both the rab al-mal and the mudharib. This is what is termed as the two-tier Mudaraba.	
7.	Mudharabah muqayaddah is where the investor fully authorizes the bank to invest the funds without restrictions.	
8.	"Saving account" is the same at commercial banks and Islamic banks	
9.	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.	
10.	Bilateral mudaraba means that there are at least two capital providers and one entrepreneur	

Question two: 3 marks

Bahrain Islamic Bank executes a mudaraba contract for \$1.5M with Golden Sand constructions on 1 March 2017. The feasibility study and legal expenses cost the bank \$50,000 and was paid by the Bank. The \$1.5 M is to given to Golden Sand constructions for their use in mudaraba as follows:

- **1 March: \$400,000 cash +\$300,000 (fair value) of a crane which was used for ijarah purposes by the bank in a previous assets with a book value of \$400,000.**
- **1 April: \$300,000 in cash.**



Course No: ACNE 4323
Course title: Islamic banking Accounting
Date: ___/10/2017
No. of Questions: (3)
Time: 1 hours
Using Calculator (Yes)

Midterm Exam
First Semester
2017/2018
Total Grade: 15 M

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

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- **1 may: \$200,000 fair value of construction materials which was left over from terminated istisna contract, the carrying value was \$150,000.**
 - **1 June: \$300,000 in cash.**

Required: Journal entries in books of Bahrain Islamic Bank for the above transactions that were executed as scheduled.



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Question three:

7 marks

The following are the relevant information pertaining to the results of the business operations for Bank Shari'ah for the year 2016: (\$)

- **Profit from Operations (Gross) 80,000,000**
- **Indirect Expenses 12,500,000**
- **Fee Based Income 10,500,000**

The above profit from operation is prior to (before) the distribution of profit to Mudaraba depositors. The agreed profit sharing ratio between the Bank and Mudaraba depositors is 75:25 respectively.

Required: Allocate the shares of profits for the bank and Mudaraba depositors according to Separate Investment Account method of profit distribution:

End of Questions
Good Luck