

Course No:  
Course title: Islamic banking Accounting  
Date: 27/11/2018  
No. of Questions: (3)  
Time: 1 hours  
Using Calculator (Yes)

University of Palestine



2<sup>nd</sup> Midterm Exam  
First Semester  
2018/2019  
Total Grade:

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

**Question One: Choose the correct answer**

**3 marks**

1. **One of this is another related model of Murabaha financing.**
  - a) Bay' al muajjal
  - b) Hamish jiddiyyah
  - c) Urboun
  - d) Musharaka
2. **It 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.**
  - a) Bai' bithaman ajil
  - b) Hamish jiddiyyah
  - c) Urboun
  - d) Bai' al-muajjal
3. **It is a form of partnership whereby the owner of capital, gives a specified amount of capital to another person.**
  - a) Musharaka
  - b) Mudaraba
  - c) Murabaha
  - d) Wadia
4. **The rationale of this method is the bank has the right to share the administrative and other overhead expenses with the depositor /investors.**
  - a) BBA
  - b) Separate Investment Account Method
  - c) Bai' al-muajjal
  - d) Pooling Method
5. **ARAB Islamic Bank provides a Murabaha of US\$ 150,000 for a Commodity at a constant rate of return of 10% for period of 5 Years and requires an annual installment payment of 45,000. What is Income per year.**
  - a) \$ 20,000
  - b) \$ 50,000
  - c) \$ 45,000
  - d) \$ 15,000

**Answer steps:**

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**Question two: Choose the best answer**

**4 marks**

Bank Muamalat provides a BBA financing facility to Ahmad for the purpose of buying a shop. The financing is amounting to \$400,000 at a constant rate of return 10% for a period of 4 years. At the end of the contract, Ahmad owes the bank amounting to \$40,000. It is the policy of the bank to charge customers a penalty fee of 4% per month for any outstanding amount due at the end of the contract and the amount collected is disbursed as charity.

**You are required to:**

**1. Prepare an extract of the balance sheet statement of Bank Muamalat from the beginning till the end of the contract to show the amount of net receivable and Murabaha (BBA) income.**

**Question three:****8 marks**

Arab Islamic Bank made a Musharaka Mutanaqisah agreement with Afifi Co. in January 1st 2017. the total capital was 1 million USD. Afifi Co. contribution share of capital was 40%. it was decided that the profit-sharing ratio of the Musharaka venture was 60:40 (60 for the bank). The profit and loss for the above venture was as follows: (the term of Musharaka is 4 years)

Year 1 Profit of 100,000 \$.

Year 2 Loss of 50,000 \$.

Year 3 Profit of 120,000 \$.

Year 4 Loss of 60,000 \$.

The bank's share of the profits in year 1 and year 3 was paid to the bank at the last day of the financial year. At the end of year 4, the bank decided to terminate the agreement and it was agreed that the loss of 35,000 \$ of the 60,000 in year 4 was due to the negligence of Afifi Co. At the end of the year 4, Afifi had still not paid the balance due from him.

**Required: Prepare an extract of journal entries from the beginning until the end of contract to record the recognition of assets and profit and loss of Musharaka mutanaqisah financing.**

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End of Questions  
*Good Luck*