

Course No: ACC 4322
Course Title:
Accounting for Islamic
Banks
Date: 01/04/2015
No. of Questions: (3)
Time: 1 hours
Using Calculator (Yes)

University of Palestine



Midterm Exam
Second Semester
2015/2014
Total Grade :

Instructor Name: Miss Laila Aldoor
Student No.: _____
Student Name: _____
College Name: Business and Finance
Dep. / Specialist: Accounting-English
Using Dictionary (No)

Question One:

(10 Marks)

1. Theoretically, Islamic banks earn higher than commercial banks on similar amounts of investment. Discuss.
2. Compare and contrast Islamic accounting and conventional accounting in terms of: a. objective of providing information, b. users of information, c. legislation for reporting, d. accountability, e. foundation.
3. List 4 of the objectives of financial accounting and reporting for Islamic banks.
4. List with brief discussion 4 reasons underlying the need for Islamic accounting standards.
5. List the five main classes of Islamic standards as issued by AAOIFI.
6. List all the financial statements needed for disclosure & reporting by Islamic banks as set by AAOIFI FAS 1.

Question Two:

(4 Marks)

The following are the relevant information pertaining to the results of the business operations for Bank Shari'ah for the year 2012:

	\$
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 Mudharabah depositors. The agreed profit sharing ratio between the Bank and Mudharabah depositors is 75:25 respectively.

Required: Allocate the shares of profits for the bank and Mudharabah depositors according to the two profit distribution policies; Pooling Method and Separate Investment Account method? Please show all your workings.

Question Three:

(6 Marks)

In 2012, Islamic Bank of Nig. PLC earned annual profit attributable to Unrestricted Mudharabah Investment Account before distributing profit to the Bank, amounting to \$100,000. Depositor's profit sharing ratio under Mudharabah deposit account is currently at 72:28 between depositors and the Bank, respectively. The following is the information pertaining to deposit types, average balance, and the weights used for Mudharabah deposit account in the Bank for the year 2012.

Deposit Type	Average Balance	WTS
≤ 6 months	100,000	0.6
≤ 9 months	300,000	0.9
≤ 12 months	250,000	1.0
> 12 months	350,000	1.2

(a) You are required to compute and determine:

- i. Weighted average balance for each deposit type.
- ii. Depositor's share of profit based on the weighted average balance.
- iii. Depositors rate of return for each deposit type.

(b) Based on the depositors rate of return as computed in part (a) above, determine the profit attributable to the following depositors in the Mudharabah General Investment Account of Islamic Bank of Nig. PLC:

- i. A who invested \$ 500,000 for the duration of 7 months?
- ii. B who invested \$ 620,000 for the duration of 11 months.
- iii. C who invested \$ 230,000 from 1st January 2012 to 31st April 2012.

**End of Questions
Good Luck**

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