



Course No:
 Course title: Islamic banking Accounting
 Date: 27/05/2017
 No. of Questions: (4)
 Time: 2 hours
 Using Calculator (Yes)

Final 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

	statement	T/F
1.	In Ijarah, All partners must participate in management, even if not to same extent.	
2.	According to Musharaka Diminishing to Ownership, the partner's share in Musharaka capital remains (constant) throughout its period.	
3.	Musharaka mutanaqisah amounting to 400,000 \$, Profit sharing as agreed 30:70 (bank-client) and loss ratio sharing of capital contribution 60:40 (bank-client). If they made a loss amount 360,000\$. The bank loss amount should be 160,000\$. Answer: _____	
4.	Leased assets should be presented in the lessor's statement of financial statements as an Investment in Ijarah Assets.	
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.	5 awaq Silver = 595 g of silver, while 5 awsuq = 653 kg of grains.	
7.	Musharaka differs from mudaraba, in that all partners must participate in the running of the business and all partners must contribute in capital	
8.	Murabaha to the Purchase Orderer involves two parties namely, the purchase orderer, and the seller.	
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	

Question Two

Arab Islamic Bank provided working capital to Afifi 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 30:70 (Bank : Customer) at the beginning of the contract. The repayment shall be equal throughout the contract period. Afifi construction had financial difficulties during year 3 and thus only managed to pay 60% of the agreed repayment amount and delayed the remaining amount for 4th year.

Assume that Afifi construction made profit 200,000\$ in the first year, and 230,000\$ profit in the second year. However, they made loss 100,000 in the third year, and another 80,000\$ loss in the fourth year.



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Required:

- 1- Determine the profit or loss based to be recognized by both Arab Islamic Bank and Afifi construction from year 1 to year 4.
- 2- Prepare the necessary journal entries to recognize Musharaka Mutanaqisah and profit/loss of the above transactions for all years.

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

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Question three

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	156,800
Motor Vehicles	20,500	Net Assets	156,800
Intangible Assets			
 		Financed by:	
Current Assets:	28,000	Capital	100,000
Cash at Bank	9,000	Reserve	50,800
Stock	23,500	Long Term Loan	6,000
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 raw materials 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.



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

Question two: Choose the best answer

- 1. What are the condition of Musharaka financing? (at least 7 points)**