



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION JULY 2024 SEMESTER

COURSE CODE	: EBB30303
COURSE NAME	: ISLAMIC ACCOUNTING PRACTICES
PROGRAMME NAME	: BACHELOR OF BUSINESS ADMINISTRATION (HONS)
DATE	: 23 SEPTEMBER 2024
TIME	: 9.00 PM – 12.00 PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **FOUR (4)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. This question paper must not be removed from the examination hall.

THERE ARE FIVE (5) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

Question 1

- a) AMC Enterprise (AMC), a Malaysian-based company, requires RM150 million for a new project in Brunei. The management has agreed that the funds should be raised through an issuance of sukuk Ijarah using an SPV. On January 1, 2020, AMC set up an SPV and sell its office building to the SPV for RM150 million. The sukuk is for 5 years.

The SPV then issued RM150 million worth of sukuk to investors (sukuk holders) and holds the office building in trust for sukuk holders. AMC agrees to buy back the office building at RM175 million for 5 years from the date the sukuk were issued. The SPV then leases the office building to AMC for RM5 million annually. AMC makes a profit of RM50 million annually.

The statement of financial position of AMC Enterprise for the year ended 31 December, 2019, is as follows:

Assets:

Buildings \$150 million

Cash \$ 50 million

Financed by:

Share capital \$170 million

Retained earnings \$ 30 million

Required:

- i. Prepare journal entries in the book of AMC Enterprise for 5 years using IFRS.
Cost of finance is 6.2738%

(11 marks)
 - ii. Prepare an extract of the Balance Sheet and Income Statement of AMC Enterprise.

(8 marks)
- b) Briefly explain four (4) impacts of zakat on individual and the society.

(6 marks)

(Total: 25 marks)

Question 2

- a) Bank Muslim Berhad has entered into an Ijarah contract with Zaitun Sdn. Bhd. to lease an industrial machine for a period of 3 years. The Bank purchased the machine from a supplier on the 1st of January 2024 for RM1,000,000 and incurred transportation cost of RM9,000. The legal fee relating to the Ijarah contract was RM5,000 and to be shared equally between both Bank and customer, which the bank considered to be immaterial. The estimated value of the machine in 3 years is expected to be RM100,000. The installments should be RM400,000 annually. Every year, Zaitun also paid RM24,000 for repair and takaful for the machine.

Required:

- i. Prepare journal entries to record the above Ijarah contract in the books of Bank Muslim as Ijarah Muntahia Bitamleek (IMBT) for year 2024, 2025 and 2026.
(14 marks)
 - ii. Prepare Income Statement and Balance Sheet for 3 years under IMBT.
(5 marks)
- b) True Bank has entered into a 3-year Musyarakah contract with DMZ Corporation in January 2022 to provide financing for a property development project. The amount of financing was RM6 million which was 60% of the total capital of the project. Profit sharing ratio (PSR) was agreed at 30:70 for Bank and DMZ, respectively. The repayments were equal throughout the period of the project. Profit and loss incurred during the project were as follows:

Year	Profit/(Loss) in RM
2022	(100,000)
2023	1,000,000
2024	1,500,000

Required:

- i. Calculate the profit and loss sharing between the Bank and DMZ Corporation for the year 2022 to 2024.

(6 marks)
(Total: 25 marks)

Question 3

- a) On 1st January 2024, Agro Corporation entered into a Salam contract with Saddiq Islam Bank to finance paddy crops, which is expected to be harvested in the same year. The Bank will buy 75,000kg of paddy for RM300,000 to be delivered after 6 months from the date of signing the contract. Saddiq Islamic Bank paid the full amount of the contract into the account of Agro Corporation.

On 1 Feb 2024, Saddiq Islamic Bank entered into a separate parallel Salam contract with Kembara MRE Sdn Bhd and Ayam Penyet Sdn Bhd and it was agreed that the former will sell to Kembara MRE and Ayam Penyet 50,000kg of paddy for RM250,000 and 25,000kg of paddy for RM125,000, respectively. It was agreed by all parties that Saddiq Islamic Bank would deliver the paddy after 5 months from the date of signing the contract. Kembara MRE and Ayam Penyet paid the full amount of the contract to Saddiq Islamic Bank.

On 30 June 2024, Agro Corporation delivered 75,000kg of paddy, based on the earlier specifications to Saddiq Islamic Bank. The Bank then delivered this paddy to Kembara MRE and Ayam Penyet.

Required:

- i. Prepare journal entries in the book of Saddiq Islamic Bank to record Salam and Parallel Salam.

(15 marks)

- b) Contrary to the classical Istisna, the parallel Istisna contract introduces a third party, typically an Islamic bank. Using diagram, explain the mechanism of parallel Istisna.

(10 marks)

(Total: 25 marks)

Question 4

Bank Mukmin Berhad provides a financing facility based on Murabahah to Rahmat for the purpose of house purchase. The financing is amounting to RM400,000 at a profit rate of 8% for a period of 5 years. At the end of the contract, Rahmat owes the bank amounting to RM35,000. As part of the normal requirements, the customers will be charged a penalty fee of 3% per annum for any outstanding amount due at the end of the contract and the amount paid is disbursed as charity.

Required:

- i. Calculate the markup, Murabaha selling price, the yearly instalment, and the profit recognized per year.
(4 marks)
- ii. Prepare journal entries to record all the above transactions in the book of Bank Muslim Berhad (including the treatment for penalty fee).
(12 marks)
- iii. Prepare the extract of balance sheet and income statement of Bank Mukmin Berhad for five (5) years of contract to show the amount of net receivable and Murabahah income.
(9 marks)

(Total: 25 marks)

END OF EXAMINATION PAPER