



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2024 SEMESTER**

COURSE CODE	: EBB30303
COURSE NAME	: ISLAMIC ACCOUNTING PRACTICES
PROGRAMME NAME	: BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN ISLAMIC FINANCE
DATE	: 13 FEBRUARY 2025
TIME	: 9.00 AM – 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, EXCLUDING THIS PAGE.

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

- (a) Islamic Muamalat entered into a two-year Istisna' contract to construct a warehouse for a total price of RM1,000,000 commencing 1 January 2024. The following costs were estimated at the time of concluding the contract.

Costs	31 December 2024	31 December 2025
Materials	300,000	100,000
Wages	300,000	100,000
Total	600,000	200,000

Billings were made in year 2024 for RM700,000 and the remaining balance was billed at the end of year 2025. The payment was agreed to be made in equal instalment for 4 years. The Bank recognises revenue based on the percentage of completion method.

Required:

- i. Prepare journal entries and extract balance sheet for the years 2024 to 2027 to record the above transactions in the books of Islamic Bank

(20 marks)

- (b) "AsSalam Contract is one of selling contracts used by Islamic banks for short term financing, mainly it used in conjunction with a parallel AsSalam contract to provide financing to a commodity producer while selling the future product at a markup to another party who needs the commodity at a future period at a fixed price". Briefly explain the process practiced by Islamic banks for AsSalam financing.

(5 marks)

(Total: 25 marks)

Question 2

- (a) Bank Islam Malaysia Berhad has entered into an ijarah contract with Adam Sdn. Bhd. to lease an equipment for a period of 2 years. The Bank purchased a specialized equipment from a local trader on the 1st of January 2018 for RM500,000 and incurred transportation cost of RM30,000. The Bank also incurred installation cost of RM10,000 relating to the ijarah contract, which the bank considered to be material.

Both parties have agreed that the installments should be RM500,000 annually. The estimated value of the equipment in 2 years time is expected to be RM40,000.

At the beginning of the year 2018, Adam Sdn. Bhd. Incurred cost of RM20,000 to increase the equipment capacity . Every year, Adam also paid RM15,000 to takaful for the equipment.

Required to:

- i. Prepare journal entries to record the above ijarah contract in the books of Bank Islam as Ijarah Muntahia Bitamleek (IMBT).
(17 marks)
- ii. Prepare Balance sheet and P&L account for IMBT.
(8 marks)

(Total: 25 marks)

Question 3

Ali needs financing to buy a house for RM100,000. The Islamic bank sells a house to Mr. Ali for RM500,000 with a markup of 8% per annum for a financing period of 4 years.

Required:

- i. Calculate the markup, Murabaha selling price, the yearly instalment, and the profit recognized per year.
(6 marks)
- ii. Prepare the journal entries in the bank records for the above transaction.
(12 marks)
- iii. Prepare the extract of the balance sheet and profit and loss account at the end of each year.
(7 marks)

(Total: 25 marks)

Question 4

- (a) On January 1, 2019, ALI ENTERPRISE entered into sukuk financing transaction by selling the building to an SPV for RM100 million and subsequently leasing it back for 7 years at an annual rent of RM5 million. ALI ENTERPRISE will repurchase the building for RM125 million on December 31, 2023, and because it retains all of the related risks and rewards, the transaction has been accounted for as a financing transaction. You are **required to:**

- i. Prepare the journal entries for ALI ENTERPRISE under AAOIFI. (10 marks)
- ii. Explain the Shariah Principles of Sukuk (5 marks)

- (a) The Statement of Financial Position of Afghan Company as of December 31, 2019 are as follows:

Statement of Financial Position**As at 31 December 2019**

Current Assets	Amount (RM)	Current Liabilities	(RM)
Account Receivable	250,000	Account Payable	150,000
Inventory	175,000	Overdraft	12,500
Prepayments	25,000	Dividend payable	5,000
Cash & bank	135,000	Tax payable	12,500
Dividend receivable	2,500		
Fixed Assets		Long-term loan;	
		Term Loan	500,000
Property, plant and equipment	275,000	Share capital	250,000
Real estate investments	250,000	Reserves	150,000
		Profit	32,500
	1,112,500		1,112,500

The following have been adjusted:

- i. Inventory includes work in progress and raw materials valued at RM25,000 and RM12,500 respectively.
- ii. Prepayment is related to insurance and road tax.
- iii. Included in the bank is fixed deposit used to secure financing facility from Bank A amounting to RM25,000.
- iv. Term loan payable during the next year is RM62,500. This has not been reclassified.
- v. One customer was declared bankrupt. He owed RM12,500.

Required to:

- I. Calculate zakat using the Net Current Assets Method

(10 marks)

(Total: 25 marks)

END OF EXAMINATION PAPER