



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2025 SEMESTER**

COURSE CODE : EBB30303
COURSE NAME : ISLAMIC ACCOUNTING PRACTICES
PROGRAMME NAME : BACHELOR IN ACCOUNTING (HONS) / BACHELOR IN ISLAMIC FINANCE WITH HONOURS
DATE : 3 JULY 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 **FIVE (5) Questions**.
4. Answer **FOUR (4) Questions ONLY**.
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 SEVEN (7) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

INSTRUCTION: Answer 4 questions.

Please use the answer sheet provided.

Question 1

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:

- a) Prepare journal entries to record the above ijarah contract in the books of Bank Islam as Ijarah Muntahia Bitamleek (IMBT).

(17 marks)

- b) Prepare Balance sheet and P&L account for IMBT.

(8 marks)

(Total: 25 marks)

Question 2

Ahmad wants to purchase a house. He went to apply home financing with Ethical Bank. After proper assessment, Ethical Bank provides a financing facility under Murabahah to the Purchase Orderer principle.

- Financing amount: RM300,000
- Rate of return: 8%
- Financing tenure: 5 years

At the end of the contract, Ahmad still has an outstanding amount of RM32,000. As part of the conditions of the Murabahah contract, Ahmad will be charged an annual penalty fee of 3% for any outstanding amount due and the amount will be donated to a charitable fund.

Required:

- Prepare journal entries to record the above transactions in Ethical Bank's books.
(20 marks)
- Explain Shariah requirements on the policy of charging penalty fee for default in repayment by the customers.
(5 marks)

(Total: 25 marks)

Question 3

- a) "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".
- Define AsSalam.
(2 marks)
 - Brefiley explain the process practiced by Islamic banks for AsSalam financing.
(8 marks)
- b) Islamic Bank entered into a two-year Istisna' contract to construct a diesel power generator for a total price of RM1,000,000 commencing 1 January 2023. The following costs were estimated at the time of concluding the contract.

Costs	31 December 2023	31 December 2024
Materials	200,000	100,000
Wages	300,000	200,000
Total	500,000	300,000

Billings were made in year 2023 for RM600,000 and the remaining balance was billed at the end of year 2024. The payment was agreed to be made equal istalment for 4 years. The Bank recognises revenue based on the percentage of completion method.

Required:

- Prepare journal entries and extract balance sheet for the years 2023 to 2026 to record the above transactions in the books of Islamic Bank
(15 marks)

(Total: 25 marks)

Question 4

The statement of financial position of Bentang Sdn Bhd for the year ended December 31, 2022, is as follows:

Assets		Financed by	
Buildings	RM10 million	Share capital	RM9 million
Cash	RM2 million	Retained earnings	RM3 million

Bentang Sdn Bhd needs RM10 million to finance its activities. They decided to reinvest their earnings and raise funds through issuing sukuk ijarah. On January 1, 2023, Bentang Sdn Bhd sets up a special-purpose vehicle (SPV) and sells its buildings to the SPV for RM7 million.

The SPV then issue sukuk to investors (sukuk holders) and holds the office building in trust for sukuk holders. Bentang Sdn Bhd agrees to buy back the building at \$110 million on December 31, 2027. The SPV leases the building to Bentang Sdn Bhd for RM350,000 annually. Bentang Sdn Bhd makes a profit of RM2 million each year. Assume all transactions are on a cash basis.

Required:

- a) Describe the process flow of the sukuk issuance.

(5 marks)

- b) Calculate is the price that Bentang Sdn Bhd should pay if he decided to buy back the building at maturity if the cost of finance is 7%.

(5 marks)

- c) Prepare account for sukuk under IFRS in the books of the originator (Bentang Sdn Bhd).

(15 marks)

(Total: 25 marks)

Question 5

The Statement of Financial Position of Azam Berhad as of December 31, 2023 are as follows:

Statement of Financial Position

As at 31 December 2023

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	Long-term loan;	
Fixed Assets		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:

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

Required:

Calculate zakat payable using:

- a) The Net Current Assets Method

(15 marks)

- b) In Zakat, only specific assets are liable, provided they fulfill certain conditions. State FIVE (5) conditions that make an asset subject to Zakat.

(10 marks)

(Total: 25 marks)

END OF EXAMINATION PAPER