



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
JULY 2025 SEMESTER**

COURSE CODE : EBB30303
COURSE NAME : ISLAMIC ACCOUNTING PRACTICES
**PROGRAMME NAME : BACHELOR IN ACCOUNTING (HONS) /
BACHELOR IN ISLAMIC FINANCE (HONS)**
DATE : 20 SEPTEMBER 2025
TIME : 2.00 PM- 5.00 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 consist of ONE (1) section.
4. There are FIVE (5) questions, 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 SIX (6) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A: (TOTAL 100 MARKS)**INSTRUCTION: Answer FOUR (4) question ONLY.****Please use the answer booklet provided.****Question 1**

Based on the statement of financial position of Zayn Holdings (ZH) for the year ended 31 December 2024, ZH owns buildings valued at RM150 million and holds RM70 million in cash, bringing its total assets to RM220 million. These assets are financed by share capital amounting to RM180 million and retained earnings of RM40 million.

ZH needs RM150 million to finance its new development project and wants to raise funds through issuance of sukuk Ijarah. On 1 January 2025, ZH sets up a special-purpose vehicle (SPV) and sells its office buildings to the SPV for RM150 million. The SPV then issues RM150 million sukuk to investors (sukuk holders) and acts as trustee of the office building for the sukuk holders. ZH agrees to buy back the office building at RM160 million on 31 December 2029. The SPV leases the office building to ZH for RM6 million annually. ZH also makes a profit of RM45 million each year. Assume all transactions are on a cash basis.

- (a) Prepare the relevant journal entries, the extract of Income Statement and Balance Sheet in the book of the originator (ZH) under IFRS standards. Assume cost of finance is 5.20%.

(19 marks)

- (b) Discuss the accounting treatment for the above Sukuk Ijarah under AAOIFI standards, from the originator's perspective.

(6 marks)

Question 2

- (a) Taklif Islamic Bank Berhad entered into an Ijarah contract with Iman Builder Bhd. to lease a heavy-duty crane for a period of 3 years. The bank purchased the crane from a local trader on 15 December 2024 for RM3 million and incurred transportation costs of RM150,000. Additionally, the bank also incurred legal fees of RM33,000. The bank considered legal costs to be material.

The terms of the Ijarah contract, executed on 1 January 2025, are as follows:

- The instalment amounting to RM95,000 per month is to be paid at the beginning of each year.
- Repair costs due to technical defaults to be borne by the bank.
- Routine maintenance costs to be paid by the lessee.

The fair value of the equipment at the end of the 3 years is expected to be RM200,000. In 2025, Iman Builder Bhd. incurred repair costs of RM100,000 to bring the equipment to its full working order. The company's routine maintenance costs which due to wear and tear amounted to RM4,000 per year. Residual value of the equipment is RM300,000.

- i. Prepare journal entries to record the above Ijarah contract in the books of the Bank as Ijarah Muntahia Bitamleek (IMBT) for the three (3) years.

(12 marks)

- ii. Prepare the Income Statement and Balance Sheet for the three (3) years.

(8 marks)

- (b) Analyze the various users of Islamic accounting and evaluate the types of information they require. Compare these informational needs with those addressed by conventional accounting.

(5 marks)

Question 3

- (a) A friend approaches you and request help in understanding the mechanism of a Parallel Istisna' contract. Using a clear diagram and simple explanation, illustrate how Parallel Istisna' operates, including the key parties, contracts, and flows involved.

(8 marks)

- (b) Bank Maqasid bought 50 tonnes of wheat (at RM10,000 per tonne) from GreenLeaf Corp, a wheat producing company, on a Salam contract dated 1 March 2025. The purchase price was paid in full to GreenLeaf Corp on the day the contract was signed. It was agreed that the company delivers the commodity in three shipments as follows:

15 June 2025	First shipment for the delivery of 20 tonnes of wheat.
30 July 2025	Second shipment for delivery of 20 tonnes of wheat.
10 August 2025	Third shipment for the delivery of the balance.

On 5 April 2025 the Bank entered into a Parallel Salam contract with a trading company, Tepung Sdn Bhd based in Johor to sell them the 50 tonnes of wheat for a total value of RM550,000 (at RM11,000 per tonne). The bank signed-up to deliver the commodity in three shipments as follows:

20 June 2025	First shipment for the delivery of 20 tonnes.
5 August 2025	Second shipment for the delivery of 20 tonnes.
15 August 2025	Third shipment for the delivery of the balance.

- i. Prepare journal entries for Salam and Parallel Salam transactions in the books of the Bank, with the assumption that all contractual terms have been met.

(11 marks)

- ii. Discuss the benefit of Salam financing to the agricultural sector.

(6 marks)

Question 4

- (a) Khadijah Holdings was looking for a commercial building to expand its operations and Saddiq Bank offered a Shariah-compliant solution through Murabaha financing arrangement. Subsequently, on 1st January 2025, the Bank entered into a Murabaha financing agreement with Khadijah Holdings for the sale of a unit of commercial building in Cheras. Under the agreement, the property is sold to Khadijah Holdings for RM1,400,000 with a markup of 6% per annum for a financing period of 5 years.
- i. Determine the markup amount, the Murabaha selling price, the yearly instalment and the profit recognized per year.
(4 marks)
- ii. Prepare the journal entries in the bank records for the above transaction.
(12 marks)
- (b) Explain six (6) salient features of Musyarakah and evaluate the differences between this contract and Mudarabah contract.
(9 marks)

Question 5

- (a) Mr. Abdullah, a new Muslim revert and a business owner, approaches you as an Islamic finance advisor. He is confused about the difference between zakat and tax, especially regarding his financial obligations to both the country and the religion. Explain to Mr. Abdullah the key differences between zakat and tax, to help him understand his financial responsibilities as a Muslim and a citizen.

(4 marks)

- (b) The statement of financial position of ZZ Bhd. as at 31 December 2025 is shown as follows:

Current Asset	RM	Current Liabilities	RM
Cash in Hand	3,500	Trade Creditors	700
Bank	2,500	Accrued Expenses	1,800
Trade Debtors	5,000		
Closing Stock	7,200		
Fixed Assets			
Property, Plant & Equipment	12,000	Capital	19,700
Real Estate	10,000	Reserve	15,000
Investment		Retained earnings	<u>3,000</u>
	<u>40,200</u>		40,200

The closing stock includes Work In Progress valued at RM3,200. You are required to calculate the zakat payable for ZZ Bhd for the year 2025 using the Net Assets Method.

(8 marks)

- (c) For the accounting year ending 31 December 2025, Al Ihsan Bank earned a gross profit of RM3,000,000 from its Mudarabah investments. Its overhead expenses were RM650,000, and income from other investment sources amounted to RM350,000. The profit-sharing ratio between the depositors and the Bank is 70:30, respectively.

The deposit types, average balances, and the weights used for the Mudarabah deposit accounts of the Bank in 2025 are as follows:

Deposit Types	Average Balance In Year 2025	Weights
6 months & less	25,000,000	0.50
9 months & less	35,000,000	0.75
12 months & less	46,000,000	1.00
More than 12 months	64,000,000	1.25
	170,000,000	

Based on the information provided, determine the distribution of Mudarabah profits to depositors and the corresponding rate of return for each deposit type.

(13 marks)

END OF EXAMINATION PAPER