



UNIVERSITI KUALA LUMPUR  
BUSINESS SCHOOL

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**FINAL EXAMINATION**  
**OCTOBER 2025 SEMESTER**

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COURSE CODE : EBB30303  
COURSE TITLE : ISLAMIC ACCOUNTING PRACTICES  
PROGRAMME NAME : BACHELOR IN ISLAMIC FINANCE WITH HONOURS  
DATE : 31 JANUARY 2026  
TIME : 9:00AM - 12:00PM  
DURATION : 3 HOURS

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**INSTRUCTIONS TO CANDIDATES**

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1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consist of ONE sections.
4. Section A consist of five questions. Answer FOUR (4) questions only.
5. Please write your answer on the answer booklet provided.
6. Please answer all questions in English only.
7. Refer to the attached Formula/ Appendies.  Tick if applicable

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THERE ARE 7 PAGES OF QUESTIONS INCLUDING THIS PAGE

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## SECTION A (Total: 100 marks)

Answer FOUR (4) questions.

Please use the answer booklet provided.

## Question 1

Answer the following questions:

- (a) Discuss two (2) type of investment accounts based on Mudarabah contract. (3 marks)
- (b) Taqwa Islamic Bank entered a three (3) year contracts to construct a bungalow for a total price of RM1,250,000 commencing 1 January 2025. The estimated cost for the project and the payment schedule for the Bank were tabulated in Table 1 and Table 2, respectively. Billings were made in year 2025 for RM600,000, another RM600,000 in year 2026 and the balance was billed at the end of year 2027. The Bank recognizes profit based on the percentage of completion method.

Prepare the accounting entries, an extract of Statement of Financial Position and Income Statement in the book of Taqwa Islamic Bank for the relevant years.

*Refer Below - Table1 : Estimated Cost . Table2 : Payment Schedule .*

(22 marks)

Table 1: Estimated Cost

	2025	2026	2027	Total
Material	130,000	150,000	50,000	330,000
Wages	190,000	190,000	50,000	430,000
Total	320,000	340,000	100,000	760,000

Table 2: Payment Schedule

Year	% of total price
2025	10%
2026	10%
2027	20%
2028	30%
2029	30%

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**Question 2**

Answer the following questions:

- (a) Al-Aqad provided working capital to Sabar Corporation based on the principle of Musharakah Mutanaqisah amounting to RM800,000. Profit sharing ratio (PSR) as agreed by both parties is the same as the ratio of capital contribution which is 30:70 (Bank:Customer) at the beginning of the contract. However, from the third year onward, the profit sharing ratio changed to 40:60 respectively. The repayment shall be equal throughout the 4 years of contract period.

However, Sabar Corporation has financial difficulties during second year of the contract and only managed to pay 40% of the agreed repayment amount. The balance of the amount outstanding in year 2 was paid in year 4. In year 4, the company faced another financial difficulties, resulting in outstanding payment of RM60,000 at year end.

The project has generated the following outcomes:

Year 1 Profit of RM170,000

Year 2 Profit of RM140,000

Year 3 Profit of RM200,000

Year 4 Loss of RM70,000

- i. Calculate the allocation of profit and loss to both Bank and Sabar Corporation.  
(6 marks)
- ii. Prepare the relevant accounting entries for Al-Aqad Bank for the relevant contract periods.  
(10 marks)

- (b) You have recently joined the finance team of an Islamic bank that is preparing to implement AAOIFI-compliant financial reporting. The management is unfamiliar with the principles that differentiate Islamic financial reporting from conventional accounting. They have asked for your guidance to ensure that the bank's accounting practices fully align with Shariah values. Briefly discuss six (6) Islamic principles that influence the Islamic financial reporting.

(9 marks)

**Question 3**

Answer the following questions:

- (a) GoodFood Corporation planned to construct a new factory as part of its expansion strategy. Salam Bank facilitate this initiative by offering a Shariah-compliant Murabahah financing arrangement tailored to the company's operational needs. Subsequently, on 1 January 2025, the Bank entered into Murabahah financing agreement with GoodFood Corporation for the sale of a unit of factory in Seremban. Under the agreement, the property is sold to GoodFood Corporation for RM2,500,000 with a mark-up of 5% per annum for a financing period of 5 years.
- i. Calculate the mark-up amount. (1 marks)
  - ii. Calculate the Murabahah selling price. (1 marks)
  - iii. Calculate the yearly instalment amount. (1 marks)
  - iv. Calculate the profit recognized per year. (1 marks)
  - v. Prepare the relevant journal entries in the Bank's record for the above transactions. (12 marks)
- (b) Discuss the following:
- i. The concept of Zakat in Islam. (2 marks)
  - ii. The three (3) objectives of Zakat. (3 marks)
  - iii. The eight (8) categories of Zakat recipients. (4 marks)

**Question 4**

Answer the following questions:

- (a) HerbalJus Sdn Bhd is a manufacturer of halal herbal juice. The company's increased sales in recent years have made it necessary to expand the business. The company entered into an Ijarah contract for 3 years with Islamiyyah Bank for a machine that will increase the company's production capacity. The bank purchased the machine for RM360,000 and to be leased to HerbalJus on 1 January 2025. The company also incurred transportation cost of RM60,000. The rental payment is agreed at RM18,000 per month.

During the Ijarah period HerbalJus paid the routine greasing and maintenance related to the use of the machine of RM3,000 and Takaful against fire, explosion and theft of RM5,000, annually. In addition, the residual value of the machine after 3 years is expected to be RM50,000.

Prepare journal entries, the Income Statement and the Statement of Financial Position to record the above Ijarah contract in the books of the Bank as Al- Ijarah Thumma Al-Bay' (AITAB) financing for the relevant years.

(15 marks)

- (b) On 1 Feb 2025, an Islamic bank purchased 30 tons of aluminium (RM10,000 per ton) from a local aluminium producing company on the basis of Bai-al Salam (Salam) contract. The bank paid the full purchase price on the day of contract signed. The commodity will be delivered one month later.

On 5 March 2025, the bank entered into a parallel Salam contract with a company Meriah Holding which agreed to purchase 30 tons of aluminium (RM11,000 per ton) as raw material for their manufacturing work. Payment is made in full and the commodity will be delivered one month later.

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.

(5 marks)

- (c) Discuss the possible economic implications if Salam contracts are not permitted in an Islamic economy.

(5 marks)

### Question 5

Answer the following questions:

- (a) As at 31 December 2024, Bintang Holdings (BH) reported buildings valued at RM200 million and cash holdings of RM80 million in its statement of financial position, bringing its total assets to RM280 million. These assets were financed by share capital of RM220 million and retained earnings of RM60 million.

BH required RM200 million to finance its new expansion project and raised the necessary funds through the issuance of Sukuk Ijarah. On 1 January 2025, BH established a special-purpose vehicle (SPV) and sold its office building to the SPV for RM200 million. The SPV then issued RM200 million worth of sukuk to investors (sukuk holders) and acted as trustee of the office building on behalf of the sukuk holders. BH agreed to repurchase the office building for RM205 million on 31 December 2029. The SPV leased the office building back to BH for RM6 million per year. BH also earned a profit of RM50 million annually. All transactions are assumed to be on a cash basis.

Prepare the relevant journal entries, the extract of Income Statement and Statement of Financial Position in the book of the originator (BH) according to AAOIFI standards. Cost of finance is 5%.

(18 marks)

- (b) Analyze the advantages and disadvantages of financing provided by an Islamic bank under Musharakah in comparison with Mudarabah.

(7 marks)

END OF EXAMINATION PAPER