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UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EBB30303
COURSE TITLE	:	ISLAMIC ACCOUNTING PRACTICES
PROGRAMME NAME	:	BACHELOR IN ISLAMIC FINANCE WITH HONOURS
DATE	:	27 JUNE 2026
TIME	:	2:00PM - 5:00PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

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*

THERE ARE 8 PAGES OF QUESTIONS INCLUDING THIS PAGE

SECTION A (Total: 100 marks)

Answer FOUR (4) questions.

Please use the answer booklet provided.

Question 1

Answer the following questions:

(a) Discuss four (4) key benefits of Musharakah contract in Islamic banking.

(4 marks)

(b) Illustrate how Musyarakah Mutanaqisah would operate in the purchase of a residential home, showing the steps of ownership transfer and payment structure.

(6 marks)

(c) Bank Shariah provides Musharakah Mutanaqisah financing to Barakah Corporation for house developing project amounting to RM10,000,000. This amount represents 65% of the total cost of the project. The profit-sharing ratio is agreed at 40: 60 (Customer: Bank) and assumed to be constant for the first 2 years of the project. For the next three years, the profit-sharing ratio is agreed to be 20: 80.

The term of financing is for 5 years and the customer is required to pay back the bank in 5 equal installments yearly.However, Barakah had financial difficulties in Year 2 and can only pay 40% of the agreed amount. 60% of the outstanding amount was paid in year 4 and the balance was paid in year 5.

The outcomes of the project are:

Year	Profit/Loss	Amount (RM)
Year 1	Profit	1,500,000
Year 2	Loss	1,000,000
Year 3	Profit	2,500,000
Year 4	Profit	1,500,000
Year 5	Profit	1,000,000

i. Determine the allocation of profit and loss to both Bank and Barakah Corporation.

(5 marks)

ii. Prepare the relevant journal entries for the Bank Shariah from the beginning until the end of the contract.

(10 marks)

Question 2

Noor Food Berhad, a company specializing in food manufacturing and distribution, plans to expand its operations by purchasing a new factory. In line with this expansion plan, Muslim Bank offers a Shariah-compliant Murabahah financing arrangement tailored to the company's needs. On 1 January 2026, the Bank enters into an agreement with Noor Food Berhad for the sale of a factory in Kulim, Kedah. The property is sold for RM5,000,000, with a 7% per annum markup applied over a financing period of 5 years.

(a) Determine the markup amount.

(1 marks)

(b) Determine the Murabahah selling price.

(1 marks)

(c) Determine the yearly repayment amount.

(1 marks)

(d) Determine the profit recognized per year.

(1 marks)

(e) Prepare the relevant journal entries in the bank records for the above transaction.

(12 marks)

(f) Prepare the Income Statement and Statement of Financial Position for the relevant years.

(9 marks)

Question 3

Answer the following questions:

(a) Taqwa Agro Sdn Bhd, a company engaged in halal-certified agricultural processing, has experienced strong growth in recent years, making it necessary to expand its operations. To facilitate this expansion, the company entered into an Ijarah contract for 3 years with Islamiyyah Bank to acquire a new processing machine that will enhance production capacity. The Bank purchased the machine for RM400,000 and leased it to Taqwa Agro on 1 January 2026. In addition, the company incurred transportation costs of RM40,000. The Bank also incurred legal fee of RM15,000 relating to the Ijarah contract, which the bank considered to be material. The agreed rental payment is RM20,000 per month.

During the Ijarah period, Taqwa Agro paid RM5,000 for annual routine operational maintenance, which was agreed to be absorbed by the company. Taqwa Agro also paid annual Takaful expenses against fire, explosion and theft of RM6,000. In the second year, the machine broke down for 2 months and the company paid RM25,300 for repairs. The Bank has agreed that the repair cost undertaken by the company will be reimbursed. In addition, the company was given a rebate for the 2 months rental.

The residual value of the machine after 3 years is expected to be RM50,000. The Bank will transfer the ownership of the machine at the end of Ijarah period for a token sum of RM10,000.

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

(14 marks)

ii. Prepare the Income Statement and the Statement of Financial Position for the rental years.

(6 marks)

(b) Discuss how Islamic accounting contributes to promoting ethical business practices, providing one example from Islamic contracts to support your view.

(5 marks)

Question 4

Answer the following questions:

(a) Bank Ihsan purchased 100 tonnes of SMC1 cocoa beans (at RM6,700 per tonne) from a supplier, EverGrow Corporation, on a Salam contract dated 1 March 2026. The purchase price was paid in full to EverGrow Corporation on the day the contract was signed. It was agreed that the company delivers the commodity in three (3) shipments as follows:

15 June 2026	First shipment for the delivery of 30 tonnes of cocoa beans.
30 July 2026	Second shipment for delivery of 40 tonnes of cocoa beans.
10 August 2026	Third shipment for the delivery of the balance.

On 5 April 2026, the Bank entered into a Parallel Salam contract with Aneka Kuih Bhd, a baking supply chain with multiple stores based in Melaka, to sell them 100 tonnes of cocoa beans for a total price of RM800,000. Payment was made in full. The bank signed-up to deliver the commodity in three (3) shipments as follows:

20 June 2026	First shipment for the delivery of 30 tonnes.
5 August 2026	Second shipment for the delivery of 40 tonnes.
15 August 2026	Third shipment for the delivery of the balance.

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)

(b) Describe the concept of Sukuk as a Shariah-compliant financing instrument and illustrate your answer with one example based on Sukuk Ijarah.

(7 marks)

(c) Ar-Rayyan Berhad issues a 5-year sukuk Ijarah to finance the expansion of the business. Subsequently, the company sell a building for RM110 million on 1 January 2026. The annual lease rental is RM6 million. At the end of the maturity period,the company repurchase the building for RM120 million as an acquisition of a new asset.

Prepare the accounting entries for the issuance of sukuk under AAOIFI in the books of the originator.

(7 marks)

Question 5

Answer the following questions:

(a) Aliff, a car rental businessman approaches you to seek guidance on zakat payment for his commercial vehicles which he purchased last year. Discuss the conditions that must be met for this vehicles to be subjected to zakat.

(6 marks)

(b) Tamara Corporation is currently in the midst of assessing its financial position to determine the appropriate zakat payment. The statement of financial position of Tamara Corporation as at 31 December 2026 is reported below:

Current Asset	**RM**	**Current Liablities**	**RM**
Account Receivables	130,000	Account Payables	65,000
Inventory	75,000	Overdraft	10,430
Prepayments	10,760	Dividend Payable	2,250
Cash & Bank	124,750	Tax Payable	5,500
Dividend Receivables	1,000	**Long Term Loan**	
		Term Loan	200,330
Fixed Asset			
Property, Plant & Equipment	115,320	**Equity**	
Real Estate Investment	105,325	Share Capital	200,645
		Reserves	78,000
	562,155		**562,155**

However, the followings have not been adjusted:

1) Inventory includes work in progress and raw materials valued at RM9,888 and RM5,322, 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 RM8,780.
4) Term loan payable during the next year is RM25,674. This has not been reclassified.
5) One customer was declared bankrupt with amount owed RM4,382.

i. Calculate zakat payable using the Net Assets Method.

(15 marks)

ii. Determine the accounting treatment for zakat payment.

(4 marks)

END OF EXAMINATION PAPER