



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

**FINAL EXAMINATION
JANUARY 2016 SEMESTER**

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SUBJECT CODE : EBB 30303
SUBJECT TITLE : ISLAMIC ACCOUNTING PRACTICES
LEVEL : BACHELOR
TIME : 2.00 PM - 5.00 PM
DURATION : 3 HOURS
DATE : 22nd MAY 2016

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INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on BOTH side of the paper.
3. This question paper consists of PART A & B.
4. Answer ONLY three (3) question in PART A and ONLY two (2) questions in PART B.
5. Please write your answers on the answer booklet given.
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.

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SECTION A (Total 30 marks)

INSTRUCTION: Answer ONLY three (3) questions

Please use the answer booklet provided.

Question 1

Identify the difference between net asset and net invested funds methods in calculating the zakah base and state why both methods results in the same zakah base?

(10 marks)

Question 2

Briefly describe the Profit Equalization Reserve and state its purpose.

(10 marks)

Question 3

Complete the table to compare and contrast pertinent features of Mudaraba and Musharakah contracts

(10 marks)

Question 4

What is the difference between restricted and unrestricted investment accounts under Mudharabah? How are they treated on the Balance Sheet respectively?

(10 marks)

Total 30 Marks

SECTION B (total 70 marks)

INSTRUCTION: Answer ONLY two (2) questions.

Please use the answer booklet provided.

Question 1

Bank Arafat Islamic entered into an ijarah muntahia bitamleek contract with Rahmat & Co to lease an equipment for 5 years. Bank Arafat purchase the equipment from a local vendor on 1 January 2008 for RM 100,000 and incurred legal fees of RM 20,000 in relation to the ijarah contract which it considered immaterial. Rahmat & Co. Agreed to pay 20 quarterly installments of RM 6,000 per installment to Bank Arafat. The estimated useful life of the asset is 5 years and the salvage value is RM 0. The bank follows a straight line depreciation policy. At the end of the contract, the bank transfers the asset to Rahmat and co as promised.

You are required to

- a. Prepare journal entries
- b. Income statement
- c. Balance sheet for the transaction from year 1 to 5 until the termination of the ijarah contract

(35 marks)

Question 2

On the 1st March 2009, RHB Islamic Bank bought 25 tons of rubber from Lee Rubber on the basis of Salam contract. The purchase price of this quantity of rubber was RM 250,000 (RM 10,000 per ton) paid in full to Lee Rubber on the day the contract was signed. It was agreed that Lee Rubber would deliver the commodity in two shipments as follows:

- First shipment on June 15th, 2009 for the delivery of 10 tons.
- Second shipment on July 30th, 2009 for delivery of 15 tons.

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On April the 5th 2003 the bank entered into a parallel Salam contract with a trading company based in Singapore to sell them 25 tons of Rubber for total value of RM 275,000 (RM 11,000 per ton). The bank signed-up to deliver the commodity in two shipments as follows:

- First shipment on the 20th of June 2009 for delivery of 10 tons
- Second shipment on the 5th August 2009 for delivery of 15 tons.

Required:

- i. Present the Salam and Parallel Salam transactions in the form of journal entries, balance sheet and income statement extract in the book of the bank.
- ii. If Lee Rubber delivered only 10 tons instead of the 15 tons as promised, and the bank had to buy the deficit quantity from another company at RM 12,000 per ton to fulfil its contract, compute the loss to the bank due to failure in delivery.

(35 marks)

QUESTION

Determine the amount of Zakah payable by Bank Islam Berhad for the financial year 2014 based on the AAOIFI's FASB 9 recommended methods (**net asset method and net invested fund method**).

Bank Islam Berhad.

Statement of financial position as at 31 December 2014.

Assets

	RM'000
Cash and bank balances with bank and agents	150,500
Deposits and placements with financial institution	1,800,000
Dealing securities	1,200,500
Investment securities	300,000
Statutory deposits with Bank Negara Malaysia	250,000
Financing of customers	4,500,000
Bills receivables	250,500
Fixed assets	400,000
	8,852,500

Liabilities

	RM'000
Deposit from customers	7,000,500
Deposits and placements of banks and other financial institution	40,500
Bills payable	85,000

Shareholders' Funds

Share capital	500,000
Reserves	226,500
	8,852,500

Note: some of the bill receivables and bill payables are non-trade by nature, the amount are RM 200,000 and RM 300,000 respectively.

(35 marks)

Total 70 Marks

END OF QUESTION PAPER