

POLITEKNIK
Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
JUNE 2012 SESSION

PS501:ACCOUNTING FOR ISLAMIC FINANCIAL INSTITUTION

DATE : 17 NOVEMBER 2012 (SATURDAY)
DURATION : 2 HOURS (2.30 P.M. – 4.30 P.M.)

This paper consists of **ELEVEN (11)** pages including the front page.
Section A: Objective (25 questions – answer all
Section B: Structured (3 questions – answer all)

CONFIDENTIAL
DO NOT OPEN THIS QUESTION PAPER UNTIL INSTRUCTED BY
THE CHIEF INVIGILATOR

(The CLO stated is for reference only.)



THE UNIVERSITY OF CHICAGO

DEPARTMENT OF THE HISTORY OF ARTS AND ARCHITECTURE

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

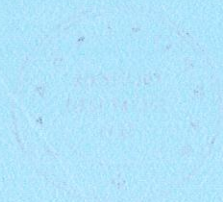
THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO



SECTION A

OBJECTIVES (25 marks)

INSTRUCTION:

This section consists of **TWENTY FIVE (25)** objective questions.

Answer **ALL**.

1. The following are an Islamic accountability **EXCEPT** [CLO 1 : C2]
 - A. Success in world
 - B. Transcendental accountability to Allah S.W.T (*Habluminallah*)
 - C. Social accountability to the society (*Hablumminan-nass*)
 - D. Economics goal beyond purely wealth but include *tazkiyah*
2. What is Islamic Accounting? [CLO 1 : C1]
 - A. The process of identifying, measuring, and communicating economic and other relevant information inspired by Islamic Worldview and complied with *Shari'ah Islamiyyah* to permit informed judgements and decisions by users information to enhance social welfare".
 - B. An "accounting process" which provides financial information to Muslim stakeholders of an entity which enable them to make a decisions.
 - C. The process of identifying, measuring and communicating economic information to help Muslim users make a better decision.
 - D. An accounting process which provide useful financial information to present and potential Muslim investors and creditors and other Muslim users in making rational decisions.
3. The followings are the objectives accounting disclosures of Islamic Firms. [CLO 1 : C4]
 - I. To avoid Riba
 - II. Pay zakat
 - III. Social responsibility
 - IV. Full Disclosure
 - A. I & II
 - B. I, II & III
 - C. I, II & IV
 - D. I, II, III & IV

4. Which of the following is **NOT TRUE** about Accounting and Auditing Organisation for Islamic Finance (AAOIFI)
[CLO 1 : C3]
- A. Established in February 1990
 - B. Develop accounting, auditing, governance and ethical thought relating to the activities of ifis
 - C. The national Islamic accounting standard setter for Malaysia
 - D. Head office is in State of Bahrain
5. In two-tier Mudharabah, a Bank is : [CLO 1 : C1]
- A. always the Mudharib
 - B. always the Rab al-Mal
 - C. both the Rab al-Mal and the Mudharib
 - D. neither the Rab al-Mal nor the Mudharib
6. Under the Mudharabah contract, who is normally liable for material losses which arise other than through negligence or contractual breach? [CLO 1 : C1]
- A. The Mudharib only
 - B. The Rab al-Mal only
 - C. Both Rab al-Mal and teh Mudharib in equal shares
 - D. Both Rab al-Mal and the Mudharib according to the profit distribution ratio
7. Udin and Ipin are partners in a Musharakah contract with Udin contributing capital of RM800,000 and Ipin contributing capital of RM200,000. The agreement states that 70% of profit will go to Udin and 30% to Ipin. If losses of RM50,000 are incurred, how much of ths (if any) must be borne by Ipin? [CLO 2 : C3]
- A. None
 - B. RM10,000
 - C. RM15,000
 - D. RM25,000

8. A Musharakah in which the Islamic bank agrees to transfer shares to the other partner in the musyarakah, until latter becomes the sole proprietor of the venture. This type of musyarakah refers to:

[CLO 1 : C3]

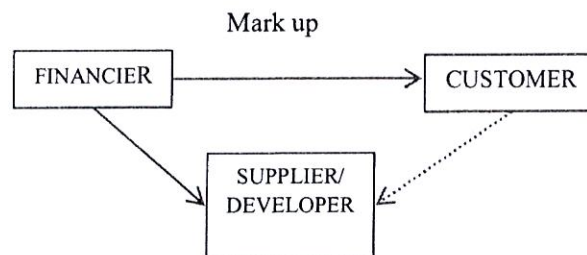
- A. Musharakah Mufawada
- B. Musharakah al-Wujuh
- C. Musharakah Mutanaqisah
- D. Musharakahah'amal

9. What is the difference between restricted and unrestricted investment accounts?

[CLO 1 : C3]

- A. Right to commingle funds.
- B. Right to share profits.
- C. Right to guarantee returns.
- D. Right to additional equity shares.

10. The diagram below represents the principle of _____. [CLO 1 : C2]



- A. Simple Murabahah Financing
- B. Murabahah to the Purchase Orderer
- C. Simple Mudharabah Financing
- D. Mudharabah to the Purchase Orderer

11. Bank ImanBerhad provided ten years Murabahah Financing to Encik Maher to finance his car purchase worth RM55 000. How much is the financing amount if the bank marks up 10% of the car price?

[CLO

3 : C1]

- A. RM60 500
- B. RM60 000
- C. RM55 000
- D. RM50 000

12. Measurement of Ijarah asset at _____ and any impairment loss as well as depreciation is borne by the _____. [CLO 3 : C3]
- A. current price lessor
 - B. historical cost lessor
 - C. current price lessee
 - D. historical cost lessee
13. Ijarah would be best described as: [CLO 2 : C2]
- A. Ownership of the right to the benefit of using an asset in return for consideration
 - B. Sale of goods at cost plus profit margin
 - C. Partnership between two parties whose contribute equal amount of capital
 - D. Contract between capital provider and entrepreneur in a business
14. How asset can be transferred to the lessee? [CLO 2 : C4]
- I. By way of gift
 - II. Token price end of period price
 - III. Gradual transfer during the lease period
 - IV. Force to buy
- A. I only
 - B. I and II
 - C. I, II, and III
 - D. I, II, III, IV
15. Bay Bithaman Ajil (BBA) is defined as _____. [CLO 2 : C1]
- A. profit and loss sharing
 - B. the sale of goods at cost price
 - C. partnership between two parties
 - D. deferred payment sale

16. Which statement is **TRUE** regarding income recognition of Murabahah financing assets? [CLO 2 : C3]
- A. Profits are recognized at time of contracting for cash or credit transaction not exceeding the current financial period.
 - B. Cash Basis Method recognizes profit based on a proportionate allocation of profit whether it has been realized or not.
 - C. Profits are recognized at time of contracting for cash or credit transaction at the end of the contract period.
 - D. Accrual Basis Method recognizes profit based on a proportionate allocation of profit in cash.
17. Which of the following is **NOT** the literal meaning of Zakat? [CLO 3 : C1]
- A. Growth
 - B. Increase
 - C. Purify
 - D. Healthy
18. How much is nisab for shares? [CLO 3: C3]
- A. Equivalent market value of 85 grams of paddy
 - B. Equivalent market value of 85 grams of silver
 - C. Equivalent market value of 85 grams of gold
 - D. Equivalent market value of 85 grams of meat
19. Zakat should only be collected from various type of wealth. The wealth are as follows: [CLO 3 : C2]
- I. The agriculture produce
 - II. Livestock wealth
 - III. Gold, jewellery and money wealth
 - IV. Trade wealth
- A. I and II
 - B. I, II, and III
 - C. III only
 - D. I, II, III, IV

20. Below are the modern wealth that subjected to zakat **EXCEPT** [CLO 3 : C2]
- A. Income
 - B. Fixed asset
 - C. Shares
 - D. Sukuk
21. Which of the following is a **NOT** zakat beneficiary? [CLO 1 : C2]
- A. Traveller
 - B. Zakat collector
 - C. Orphan
 - D. New converts
22. Haul can be best described as: [CLO 3 : C1]
- A. Zakat should be collected soon after achieving the requirement of nisab
 - B. There should not be zakat on the wealth more than once a year
 - C. The date of acquisition of the zakat wealth should be exactly determined
 - D. Wealth subject to zakat should carefully determine the rightful owner of that wealth
23. Nisab is _____. [CLO 1 : C1]
- A. Requirement for the yearly term
 - B. Minimum limit of exemption
 - C. Rebate on tax payable
 - D. Maximum amount of zakat to be collected
24. Which statement is **TRUE** regarding to penalty on late payment? [CLO 2 : C3]
- A. It cannot be recognizing as revenue otherwise it should be charitable fund.
 - B. It can increase the income of Islamic bank for the current year.
 - C. It is considered as profit on customer default.
 - D. It can be invest in any securities that compliance with syariah.

25. The best description regarding the relationship between zakat and sadaqah is _____.
- [CLO 3 : C3]
- A. zakat is part of the voluntary sadaqah
 - B. sadaqah is part of the obligatory zakat
 - C. zakat is part of the obligatory sadaqah
 - D. zakat and sadaqah are obligatory

SECTION B**STRUCTURED (75 marks)****INSTRUCTION:**

This section consists of **THREE (3)** structured questions. Answer **ALL** questions.

QUESTION 1

- a) Briefly explain “accounting” from Islamic perspective.
[CLO 1 : C2]
(5 marks)
- b) Describe any **TWO (2)** differences between Islamic accounting and conventional accounting.
[CLO 1 : C3]
(10 marks)
- c) Explain **FIVE (5)** objectives of Malaysian Accounting Standard Board.
[CLO 1 : C2]
(10 marks)

QUESTION 2

- a) Briefly explain the concept of *Musharakah Mutanaqisah* (Diminishing *Musharakah*).
[CLO 2 : C1]
(5 marks)
- b) Bank Mukmin Malaysia Berhad contributed RM2, 000,000 for a five year Mudharabah contract for property development project to As-Siddiq Sdn. Bhd. The profit sharing ratio agreed by both parties is 4:1 between the Bank Mukmin (*Rabb al-Mal*) and As_Siddiq Sdn. Bhd. (*Mudarib*) respectively. The project incurred loss of RM140, 000 in the first year, realized profit RM220, 000 in the

second year, realized profit of RM380, 000 in the third year and incurred loss of RM150, 000 in the fourth year and realized profit of RM 400,000 in the fifth year.

Required:

Prepare the extract of necessary journal entries to recognize asset and profit/loss of the above transactions based on the income recognition method determined:

[CLO 2 : C3]

- i. at the end of each period

(14 marks)

- ii. at the end of contract

(6 marks)

QUESTION 3

- a) Ijarah Muntahia Bittamleek is an ijarah contract that end up the transfer of ownership of leased asset to the lessee. List down FOUR (4) method of transferring the title of assets to the lessee.

[CLO 3 : C1]

(4 marks)

- b) Medina Islamic Bank entered into an Ijarah contract with Hawa Construction Berhad to lease equipment for a period of 4 years. Medina Islamic Bank bought the equipment from a local trader on the 1st April 2008 for RM300,000. The bank also incurred a legal fee of RM1,500 of which the bank considered to be material. Hawa Construction Berhad agreed to use the contract of Ijarah Muntahia Bi Tamleek through the sales with a token of consideration equivalent to 50% of the estimated residual value at the end of useful life.

The installments are paid on a quarterly basis of RM28,125 per quarter. The estimated residual value at the end of the 4 years of useful life is RM15,000.

Medina Islamic Bank expects a maintenance cost of RM2,200 that will be incurred in the second year and RM1,100 from the third and fourth year. The fair value of the equipment at the end of the contract is RM3,000.

Required:

Journalize all the necessary transactions made by Medina Islamic Bank for the first, second and final year.

[CLO 3 : C3]

(21 marks)