

Diploma in Islamic Banking Examination April-2018
Part-I

101: Alternative Financial System

Time: 3 hours
Full Marks: 100
Pass Marks: 45

(N.B.: Answer any 5(five) questions. The figures in the right margin indicate full marks.)

1. a) "Islamic Financial System may be treated as an Alternative Financial System". Justify. 6
- b) Explain the principles of Islamic Financial System. 7
- c) Discuss the role of Financial System in an Economy. 7
2. a) Discuss the objectives and standards of Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI). 10
- b) Give short description of International Islamic Financial Market (IIFM) and Islamic Financial Service Board (IFSB). 10
3. a) Define Shariah and describe the sources of Islamic Law. 7
- b) Discuss 'Maqasid -Al-Shariah' in Islamic Finance. 8
- c) Narrate the role of Ijtihad and Mujtahid in Islamic banking and finance. 5
4. Discuss the sources and uses of funds in Islamic banking and finance. 20
5. a) Define Sukuk. What are its characteristics? 6
- b) Narrate different types of Sukuk. 10
- c) Discuss the prospects of Sukuk in Bangladesh Economy. 4
6. a) How insurance minimises risks of life and asset? Discuss different types of insurance. 10
- b) How Islamic insurance differs from the conventional insurance? 10
7. a) Describe the risks associated with Islamic modes of financing. 8
- b) How does Islamic finance protect the interest of depositors and investment accountholders of Islamic Financial Institutions? 6
- c) "A supportive legal framework is necessary for sound expansion of Islamic Financial System". Discuss. 6
8. Write short notes on any 5(five) of the followings: 5x4=20
 - a. Islamic Money and Capital Market.
 - b. Islamic International Rating Agency (IIRA).
 - c. Islamic Inter-bank Fund Market (IIFM)
 - d. Shariah Council.
 - e. Interest vs. Profit in banking.
 - f. Gharar and Maysir.
 - g. Global Financial Challenges.
 - h. BGIIB.

The End

Diploma in Islamic Banking Examination April-2018

Part-I

102: Principles of Economics: Conventional and Islamic

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5(five) questions. The figures in the right margin indicate full marks.)

1. a) Define Islamic economics. Describe the salient features of Islamic economics. In what respect Islamic economics is superior to its conventional counterpart? 10
- b) Define microeconomics and macroeconomics. Describe macroeconomics indicators of Bangladesh. 10
2. a) Define and describe monopoly and monopolistic competition. How price is determined under perfect competition? 10
- b) What is market equilibrium? What are the characteristics of perfect competitive market? 10
3. a) Define production function. Graphically describe the stages of production function showing the best stages of it. 10
- b) Explain the consumer behaviour in Islamic economics. 10
4. a) Define GDP, GNP and NNP. Describe different methods of measuring GDP. 10
- b) What is concentration of wealth? How can Islamic economic system resist it? 10
5. a) What are the concepts of wages, interest, rent and profit? Describe the socio-economic impact of interest in Bangladesh economy. 10
- b) Define inflation and deflation. Distinguish between demand-pull and cost-push inflation. Is inflation always bad for an economy? 10
6. a) Discuss different types of production costs. 10
- b) How a producer can reduce the average cost of production? 10
7. a) Define monetary policy and fiscal policy. How does the central bank control the money supply through monetary policy? 10
- b) What is deficit budget? What is the role of a deficit budget in an economy? 10
8. Write short notes on any 5(five) of the followings: 5x4=20
 - a. Marginal Cost and Marginal Revenue;
 - b. Developing Country;
 - c. Indifference Curve;
 - d. Factors of Production;
 - e. Narrow Money and Broad Money;
 - f. Monopoly, Oligopoly and Duopoly;
 - g. Complementary Goods.

The End

Diploma in Islamic Banking Examination April-2018

Part-I

103: Principles of Accounting

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5(five) questions. The figures in the right margin indicate full marks.)

1. (a) Describe the differences between the Accounting and Book-Keeping. 3
(b) State the objectives and functions of AAOIFI. 4
(c) Khan Trading was formed by Jb. Arif Khan on January 01, 2018. During the first month of its operations, the following transactions were occurred:
2018, Jan. 1: Jb. Khan's investments were cash Tk. 500,000 and building value Tk. 200,000 into the business.
Jan. 5: Purchased office equipments for cash Tk. 80000 and on credit account Tk. 70000.
Jan. 6: Insurance premium paid in advance Tk. 10,000.
Jan.15: Received cash Tk. 50,000 and Account Receivable Tk. 60,000 for selling goods.
Jan. 30: Jb. Khan withdrew Tk. 15,000 for personal use from the business.
Jan. 31: Paid rent Tk. 10,000 and salaries Tk. 12,000 for the month.
Required:
i. Journalize the transactions; 4
ii. Transfer the entries into the ledger accounts; and 5
iii. Prepare a trial balance as at January 31, 2018 4
2. (a) Distinguish between trade discount and cash discount. If any discount is allowed for bulk purchase, how is this quantity discount treated in the books of the buyer? 5
(b) From the following transactions of M/s. Farid & Brothers, prepare a Triple Column Cash Book: 10
2018, Jan 1: Cash in hand Tk. 20,000 and Cash at bank Tk. 30,000
Jan. 3: Purchased furniture for Tk. 5000 and paid a cheque for this.
Jan. 4: Goods sold for cash Tk. 8500.
Jan. 8: Goods purchased from M/s. Rahman & Sons for Tk. 10000. A cheque was issued in favour of them for Tk. 9500 for full and final settlement of their dues and the rest amount was allowed as discount.
Jan 10: Received a cheque for Tk. 8000 from M/s. Noor & Co.
Jan 12: Received a cheque for Tk. 5000 from M/s. Haque & Sons and deposited the same into bank on the same day.
Jan. 15: A cheque for Tk. 4800 received from M/s. Saleh & Co. against bills receivable of Tk. 5000 for full and final settlement.
Jan. 20: Withdrawn from bank for office use of Tk. 2000.
Jan. 25: Withdrawn cash from Bank Tk. 6500 where Tk. 4000 was for office purpose and Tk. 2500 for personal use of the proprietor.
Jan. 30: Bank credited profit Tk. 900 and debited charge Tk. 300.
3. (a) Why "Ledger" is called "The king of all Books"? 3
(b) Mrs. Tania, an architect, started her interior decoration firm "Charming Interior" on January 01, 2018. She has provided the following trail balance and other information of her business as on January 31, 2018:

Charming Interior

Trail Balance

January 31, 2018

<u>Particulars</u>	<u>Debit (Tk)</u>	<u>Credit (Tk)</u>
Cash	35,600	
Account Receivable	96,000	
Prepaid Insurance	2,400	
Supplies	25,000	
Office Equipment	45,000	
Account Payable		80,000
Unearned Service Revenue		4,000
Mrs. Tania's Capital		100,000
Service Revenue		50,000
Salaries	15,000	
Rent	15,000	
Total	2,34,000	2,34,000

Other Information:

- i. Supplies-in-Hand on January 31, 2018 of Tk. 1500.
- ii. A Utility bill for Tk. 1200 has not been recorded and the bill will not be paid until the next month.
- iii. The Insurance policy is for a year.
- iv. Tk. 2000 of unearned service revenue has been earned at the end of the month.
- v. Salaries of Tk. 2500 are occurred at January 31, 2018.
- vi. Office equipment has 5 years life with no salvage value.

Required:

- I) Make the adjusting entries for the month; 5
 - II) Post the adjusting entries to the ledger accounts; and 6
 - III) Prepare an adjusted trail balance at January 31, 2018. 6
4. (a) What is basic Accounting Equation? State the terms Assets, Liabilities, and Shareholder's Equity 4
- (b) Distinguish between 'Accrual Accounting' and 'Actual Accounting' from Islamic perspective. 4
- (c) The bank statement as on December 31, 2017 on account of M/s. Earth Trading showed a balance of Tk. 5500. But its cash book indicated a balance of Tk. 2791 on the same date. When the bank statement was received in the first week of January 2018, the following data were available for reconciling the statement: 12
- i. A draft for Tk. 520 was deposited into the bank but not credited within 31.12.2017.
 - ii. A cheque valuing Tk. 2500 issued to a customer was not presented for encashment.
 - iii. Tk. 35 was debited as bank charge in the bank account.
 - iv. A cheque issued for Tk. 84 on account of advertising expenses.
 - v. A credit of Tk. 495 was made by the bank directly being proceeds of bill deposited by a customer. The bill amount was Tk. 500 and bank charge was Tk. 5 only.
 - vi. Tk. 185 was credited by the bank as profit.
- Required: A bank reconciliation statement using both balances correcting method.
5. (a) How would you differentiate capital expenditure from revenue expenses? Why we should not treat capital expenditure as revenue expense? 6
- (b) Describe the factors affecting the computation of depreciation against fixed assets. 4
- (c) M/s. Sun Enterprise purchased a delivery truck at a cost of Tk. 1300,000 on January 01, 2017. It has estimated useful life of 5 years and 100,000 km with salvage value of Tk. 100,000. In 2017, the truck ran total 15,000 km only. Determine the annual depreciation for 2017 under: 10
- i. Straight line method;
 - ii. Units of activity method;
 - iii. Sum of the years method; and
 - iv. Declining balance method.
6. From the following trial balance of ABC Co. Ltd. as on December 31, 2017 and adjustments below, you are required to prepare an Income Statement for the year ended December 31, 2017 and a Balance Sheet as on that date: 20

ABC Co. Ltd.
Trial Balance
December 31, 2017

<u>Particulars</u>	<u>Debit (Tk)</u>	<u>Credit (Tk)</u>
Share Capital-Paid up		20,000
Bank Investment		22,000
Bills Payable		10,000
Balance of Retained Earnings		15,000
Sales		2,55,000
Return Outwards		10,000
Provision for Bad Debt		1,200
Non-Operating Income		5,000
Purchase	1,85,000	
Return Inwards	2,500	
Stock in Trade (Raw Materials Tk. 5000; Work-in-Process Tk.8,000; and Finished Goods Tk. 7,000)	20,000	
Machinery	42,000	
Bills Receivable	20,800	

Office Rent	1,000	
Wages	10,000	
Non-Operating Expenses	5,500	
Bad Debt	500	
Repairs and Maintenance	18,900	
Insurance	4,000	
Cash in hand	8,000	
Cash at bank	20,000	
Total	<u>3,38,200</u>	<u>3,38,200</u>

Adjustments:

- Stock-in-Trade on December 31, 2017 of Tk. 22,000 (Raw Materials Tk. 10,000; Work-in-Process Tk.7,000; and Finished Goods Tk. 5,000).
 - Prepaid insurance Tk. 1,000.
 - Provision for Bad Debt is to be maintained at Tk. 500.
 - Dividend proposed for the year at 10%.
 - Depreciation on machinery is to be made at 5%.
 - Provision for taxation is Tk.1,000
7. Welfare Islami Bank Ltd. has provided the following trail balance and additional information as on December 31, 2017. Prepare the Profit and Loss Account for the year 2017 and Balance Sheet as at December 31, 2017 of the bank observing Bangladesh Bank Guidelines:

20

Welfare Islami Bank Ltd.

Trial Balance

December 31, 2017

Particulars	Debit (Tk)	Credit (Tk)
Share Capital-Paid up (65,000 shares @ Tk.100 each)		65,00,000
Balance with Bangladesh Bank	1,20,00,000	
Balance with other Banks	20,00,000	
Land & Buildings	1,08,08,000	
Furniture and Fixtures	3,35,000	
Other Fixed Assets	1,22,000	
Al-Wadeeah Current Deposits		4,50,00,000
Mudaraba Savings Deposits		8,00,00,000
Mudaraba Terms Deposits		9,00,00,000
Other Deposits		2,50,00,000
General Investments	20,50,00,000	
Bills Purchased	2,00,00,000	
Accounts Receivable	5,00,000	
Bills Payable		4,00,000
Salaries & Allowances	25,00,000	
Cash in Hand	41,50,000	
Dividend Equalization Fund		8,00,000
Profit Paid to Deposits	1,50,00,000	
Managing Director's Salary	2,50,000	
Income from i-Banking		22,00,000
Commission & Exchange		9,50,000
Income from Investment		2,05,00,000
Income from Off-shore Banking Unit		12,50,000
Loss on Brokerage	1,00,000	
Prepaid Expenses	25,000	
SSC Fees & Expenses	90,000	
Non-Banking Assets	1,50,000	
Balance of Profit and Loss Account		7,50,000
Accrued Expenses		50,000
Legal Expenses	25,000	
Other Assets	3,50,000	

Director's Fees	1,25,000	
Other Operating Income		15,00,000
Reserve Fund		10,00,000
CSR Expenses	2,00,000	
Postage	20,000	
Telecommunication	40,000	
Printing & Stationary	1,10,000	
Investment in approved Securities	<u>20,00,000</u>	<u>.....</u>
Total	<u>27,59,00,000</u>	<u>27,59,00,000</u>

Additional Information:

- i. Provision for Taxes Tk. 16,000; Investment Tk. 40,000 and Others Tk. 15,000.
- ii. Proposed Dividend Tk. 110,000.
- iii. Salaries and allowances Tk. 30,000 was due and unpaid.

8. Write short notes on any 5(five) of the following:

5x4=20

- a) The golden rules of debit and credit;
- b) IDR and CRR;
- c) Contingent Assets and Liabilities;
- d) Suspense Account;
- e) SLR and Statutory Reserve;
- f) LIFO, FIFO and Weighted Average method of inventory valuation;
- g) GAAP, and
- h) Cash Flow Statement.

The End

Diploma in Islamic Banking Examination April-2018

Part-I

104: Principles of Management

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5(five) questions. The figures in the right margin indicate full marks.)

1. a) What is management cycle? 4
b) Describe the various concerned parties observing the responsibilities of management. 8
c) Discuss how systems approach to management can provide better financial harmony towards the achievement of goals. 8
2. a) What are the advantages of Management By Objectives (MBO)? 6
b) Discuss the factors to be considered in making a decision of the organization. 7
c) Briefly explain the various steps of decision making process. 7
3. a) Distinguish between authority and power. 6
b) Discuss different sources of power of managers of an organization. 7
c) Briefly explain the corrupting effects of power of executives of an organization. 7
4. a) Describe the 'Path Goal Theory' of leadership with diagrammatical representation. 8
b) Briefly discuss the steps for resolving interpersonal conflict among the leaders of different trade unions of an organization. 6
c) Discuss the merits and demerits of centralization of authorities with special reference to Islamic banks in Bangladesh. 6
5. a) 'The ultimate result of motivation is satisfaction' - explain the statement. 7
b) Discuss in short the 'Basic Needs Tree Theory' of motivation devised by Imam Ghazzali(R) and Imam Shatibee(R). 8
c) Make the relationships between motivation and morale. 5
6. a) Discuss the characteristics of strategic plan. 6
b) Distinguish between single-use plan and standing plan. 6
c) How can planning be made effective and successful in Islamic banks in Bangladesh? 8
7. a) What is MIS? How does Management Information System help management in decision making? 8
b) Describe the responsibilities of the supervisors from Islamic perspectives. 6
c) How would you determine the optimum span of supervision? Discuss. 6
8. Write short notes on any 5(five) of the following: 5x4=20
 - a) Corporate Management;
 - b) Total Quality Management (TQM);
 - c) SWOT Analysis;
 - d) Vertical Organization;
 - e) e-Commerce;
 - f) Break Even Point (BEP) Analysis;
 - g) Team Building in Islamic Banks, and
 - h) Charismatic Leadership.

The End

Diploma in Islamic Banking Examination April-2018

Part-I

105: Business Communication

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5(five) questions. The figures in the right margin indicate full marks.)

1. (a) What do you mean by business communication? 4
- (b) Do you think that good communication system at your Bank can improve the performance of your employees? Justify your answer. 6
- (c) Distinguish between verbal and non-verbal communication and describe the different types of non-verbal communication. 10
2. (a) What is meant by adaptation in business writing? 4
- (b) How can you make your writing effective? 8
- (c) Write to a new customer who wants to know about the deposit mobilization and investment principles of your Bank. 8
3. (a) "Technology has transformed the way we communicate". Explain how. 6
- (b) Evaluate the advantages of technology in business. 7
- (c) How does the indiscriminate use of technology affect the effectiveness of communication? 7
4. (a) How can you classify business letters? 6
- (b) Draft a letter to be issued to the prospective depositors urging upon them to put more deposits with your branch. 8
- (c) Write a letter of thanks to the depositors who have responded to your call letter in (b). 6
5. (a) Define "memo" and state why it is used. 4
- (b) What are the essential elements of an office memo? 2
- (c) Write an "office order" instructing the Head of Investment Department of your branch to visit an overdue client. 6
- (d) Write a show-cause notice to an employee of your branch for his gross misbehavior with some other employees of the branch. 8
6. (a) How can you write an effective request letter? 4
- (b) Write a letter inviting a local Khatib to present a talk in a "Discussion and Ifter Mahfil" organized by your branch. 6
- (c) As the manager of a branch of IBBL, write a letter to the head of HR department of the bank asking for additional manpower for your Branch with good justification. 10
7. (a) Differentiate between a short report and a long report. 4
- (b) Draft the notice of a hypothetical Board Meeting of IBBL to be held on some future date. 8
- (c) Suppose that the meeting in question (b) has just been held. Draft the minutes of the meeting. 8
8. Write short notes on any 5(five) of the following: 5x4=20
 - a. Agent Banking;
 - b. Executive Summary;
 - c. Press Release;
 - d. AGM;
 - e. Verbal Communication;
 - f. Facebook;
 - g. Voice Mail, and
 - h. Goodwill Letters.

The End

Diploma in Islamic Banking Examination April-2018

Part-I

106: Theory and Practice of Banking: Islamic and Conventional

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer **any 5(five)** questions. The figures in the right margin indicate full marks.)

1. a) Describe the objectives of Islamic Banking under the concept of Maqasid-al-Shariah. 7
- b) Describe the profit earning and distribution system under Musharaka principles. 6
- c) What problems are facing by the Islamic Banking Windows under dual banking system? Describe briefly. 7
2. a) Describe E-Banking. 4
- b) Mention the advantages and risks of Online banking. 4
- c) "Risk Management is the main responsibility of a Banker". Briefly describe. 6
- d) Define virtual banking and merchant banking. 6
3. a) "The Central Bank is the lender of last resort". Why and how? Briefly describe. 5
- b) Describe the importance of On-site and Off-site supervision of central bank. 5
- c) How CAMELS rating helps to improve the overall performance of a bank? 5
- d) How open market operation helps for smooth development of economy of a country? 5
4. a) Differentiate between open cheque and order cheque. 4
- b) Describe the main features of Customer Acceptance Policy of a bank. 5
- c) Mention the characteristics of a negotiable instrument. 5
- d) Define agent banking. Describe the role of agent banking in the operation of a bank. 6
5. a) What are the causes of liquidity crisis? 5
- b) Describe the importance of deposit mix to increase the profitability of a bank. 5
- c) Describe the importance of maintenance of ideal Investment Deposit Ratio to a bank. 5
- d) What are the differences between guarantee and indemnity? 5
6. a) Why collateral security is important to a banker for allowing investment? 6
- b) Describe the different components of risk for assessment of CRAR under BASEL framework. 6
- c) Describe the different instruments of Islamic Money Market. 4
- d) Define CDD and STR. 4
7. a) Describe the role of Capital Market for economic development of a country. 6
- b) Describe the role of the auditors for good governance of a bank. 6
- c) What is Repo and Reverse Repo? 4
- d) Define Commercial Paper and Mutual Fund. 4
8. Write short notes on **any 5(five)** of the following: 5x4 = 20
 - a) Call Money Market;
 - b) Charging of Securities;
 - c) Treasury Bill;
 - d) Retail Banking;
 - e) Lien and Mortgage;
 - f) Bill of Exchange;
 - g) Profit and Riba, and
 - h) On-site Supervision.

The End

Diploma in Islamic Banking Examination April-2018

Part-II

201: Investment Management

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5(five) questions given below. The figures in the right margin indicate full marks.)

1. a) Discuss the features of a sound investment. 7
b) State in brief how you would minimize risk factors while inducting a borrower from a conventional bank. 8
c) How a loan product differs with an investment product? 5
2. a) Discuss the functions of a Branch, Zonal Office and sanctioning authority of Head Office in handling a new proposal. 7
b) How an investment deal is being supervised and monitored? 7
c) Mention the risk factors as per IRG. 6
3. a) Distinguish between an independent project and a mutually exclusive project. 5
b) What is NPV? How is it calculated? 5
c) Simul Composite intends to purchase a machine value Tk.5.00 lac having an expected life of 5 years with no salvage value. The Earnings Before Depreciation and Taxes (EBDT) using the machine for the next 5(five) years have been estimated as follows: 10

<u>Year</u>	<u>EBDT (Taka)</u>
1	2.25 lac
2	2.00 lac
3	2.00 lac
4	1.75 lac
5	1.50 lac

The cost of capital is 10% and corporate tax is 40%.

Now calculate i) Cash Flow for the next 5 years, and ii) Net Present Value (NPV).

4. a) What is the existing 'IDR' policy of Central Bank? 5
b) Do you believe that now-a-days banks are suffering from liquidity crunch? If so, how can it be averted? 8
c) Why 'stress testing' is important for a bank? 7
5. a) Write down the meaning of 'Title documents', 'Mortgage documents' and 'Charge documents'. 6
b) What is the valuation policy of collaterals for a bank? 7
c) How would you secure your limit for a client having limit of other bank against the same collaterals? 7
6. a) What is the effect of 'provision' on profitability of a bank? How we can lessen the burden of provision applying your prudence? 6
b) Discuss the process of conversion of a defaulted loan complying with Shariah. 8
c) State the role of 'Task Force Committee' at branch level. 6
7. a) Explain the issue of 'Single Borrower Exposure'. 6
b) Discuss the problems & prospects of investment syndication. 7
c) Can Islamic banks go for syndication with conventional banks? How? 7
8. Write short notes on any 5(five) of the following: 5x4=20
 - i. Status of Investment Classification;
 - ii. Micro Finance under Islamic mode;
 - iii. Investment Perspective Plan;
 - iv. Written off Investment;
 - v. Eligible Security;
 - vi. Risk Grading & Risk Rating;
 - vii. Residual Risk; and
 - viii. ALCO.

The End

Diploma in Islamic Banking Examination April-2018

Part-II

202: International Trade and Finance

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5(five) questions. The figures in the right margin indicate full marks)

1. a) What are the advantages of international trade? What roles banks play in international trade? 8
b) Discuss Islamic approach to international trade. Is it different from traditional approach? In what way? 6
c) What are the constituents of Current A/C and Financial A/C of Balance of Payment of a country? 6
2. Discuss the following issues as per rules referred there against: (4x5) 20
 - a) Letter of Credit (UCP-600)
 - b) Responsibilities of Reimbursing Bank (URR-725)
 - c) Exporting Country (ISBP-745)
 - d) Documentary Collection (URC-522)
 - e) Commercial Invoice (UCP-600)
3. a) Discuss about Musharaka Documentary Bills (MDB) Inland and its disbursement process. 8
b) Describe Shariah compliant products for import financing by the Islamic banks of Bangladesh along with their procedures. 12
4. Discuss the following issues as per GFET and Laws & Practices of Bangladesh. (4x5) 20
 - a) Deferred payment basis LC
 - b) Release of foreign exchange for travel abroad
 - c) Payment through Back to Back LC
 - d) Different types of Industrial Units in EPZ
 - e) Advance Receipt Voucher (ARV)
5. a) What is UPAS LC? What are the steps to be taken to issue and settle UPAS LC? 7
b) Define Off-shore banking. Describe the advantages and disadvantages of off-shore banking. 7
c) Explain the ACU payment mechanism. 6
6. Explain the following terms according to UCP-600: (2x10) 20
 - a) Complying presentation
 - b) Banking Day
 - c) Transferring Bank
 - d) Confirmation
 - e) Nominating Bank
 - f) Clean Transport Document
 - g) Issuing Bank
 - h) Honor
 - i) Presenter
 - j) Claiming Bank
7. a) Describe the different variants of spot buying and selling rates as practiced by the banks of Bangladesh. 6
b) What is cross rate? How do you calculate it? Show with examples. 6
c) Determine the rate for remitting GBP 5,000 through FTT for studying abroad as per following data: 8
 - i) Rates available : GBP/USD : 1.3880 – 1.3885
USD/BDT : 82.9000 – 83.6000
 - ii) FTT charge @ 0.25%
 - iii) Fixed overhead cost @ Tk. 0.20 per GBP
 - iv) Profit margin for the bank @ 0.20%
 - v) Rebate to be allowed to the customer : @ 0.30% for a period of 21 days (360 days in a year)
8. Write short notes on any 5(five): 4x5=20
 - a) World Bank Group;
 - b) International Monetary System;
 - c) Intervention Currency;
 - d) Overall Balance (of BoP);
 - e) Terms of Trade;
 - f) Future Market; and
 - g) IDB.

The End

Diploma in Islamic Banking Examination April-2018

Part-II

203: Ethics in Banking & Legal Environment

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5(five) questions. The figures in the right margin indicate full marks.)

1. a) What do you mean by 'Ethics in Banking'? 5
b) What are the differences between 'Ethics' and 'Practice in law'? 5
c) What is 'Good Governance'? What are the main characteristics of Good Governance? 10
2. a) What is Contract? Who are competent to enter a contract? Can a minor enter into a contract? 10
b) Describe with example "Fraud", "Sound mind", "Under influence", and "Coercion" under Contract Act 1872. 10
3. a) Define Money Laundering. What do you mean by 'Predicate Offence'? 6
b) What are the duties & responsibilities of 'BAMLCO' as per Money Laundering Prevention Act? 8
c) What do you mean by KYC? What is KYC remediation in the context of AML compliance? 6
4. a) What is a Banker? What are the functions of a bank as per Bank Company Act 1991? 10
b) What is the basic code of conduct for the banker? 5
c) What do you mean by professionalism? How does this affect the business? 5
5. a) What is 'Auction'? What procedure is followed in putting a mortgaged property on auction under Section 12 of Arthorin Adalat Ain 2003? 10
b) What are the procedures of filing a case for dishonoring of a cheque against the issuer of a cheque? 10
6. a) What are the differences between Guarantee and Indemnity? 5
b) Distinguish between 'Bill of Exchange' and 'Promissory Note'. 5
c) What are the risks a banker is likely to face in paying a: 10
 - i. Crossed cheque over the counter.
 - ii. Stale cheque, and
 - iii. Post dated cheque
7. a) Distinguish between Second charge and Pari-Passu charge. Being a banker, which one will you prefer between these two and why? 10
b) When Bangladesh Bank can impose penalties on a bank? 5
c) What are the steps for formation of a contract? 5
8. Write short notes on any 5(five) of the following: 4x5=20
 - a) Bank Note;
 - b) Material Alterations;
 - c) Certificate of Commencement of Business;
 - d) Nostro and Vostro Accounts;
 - e) Shariah and Law;
 - f) Quasi-Contract;
 - g) Defaulted Borrower, and
 - h) Capital Charge.

The End

Diploma in Islamic Banking Examination April-2018

Part-II

204: Management Accounting & Financial Management

Time: 3 hours
Full Marks: 100
Pass Marks: 45

(Answer any 5(five) questions selecting at least 2(two) questions from each section. The figures in the right Margin indicates full marks. Answer of questions must bear workings, notes, and formula where necessary.)

Section-I

(Management Accounting)

1. a) Describe in brief the scope and functions of Management Accounting. 10
- b) How does Management Accounting assist an executive of a bank run on Islamic principles in making prompt and effective decisions to face the ever increasing challenges of bank operations? 10
2. a) What is meant by 'Break Even Analysis'? State the assumptions on which this analysis is based. 5
- b) Milton Electronics produces and markets a single product. Currently, the product is manufactured in a plant that relies on direct labor forces. Last year, the company sold 5,000 units with the following results:

Particulars	Amount in Taka
Sales	23,50,000
Less : Variable Expenses	13,00,000
Contribution Margin	10,50,000
Less: Fixed Expenses	7,35,000
Net Income	3,15,000

Requirements:

- i. Calculate the Break-Even-Point in Taka and the Margin of Safety. 5
- ii. What would be the Contribution Margin Ratio and the Break-Even-Point in Number of Units, if variable cost increases by Tk.35 per unit? 5
- iii. The company is also considering the acquisition of a new machine, this would result in the reduction of variable costs by 50% of the original amount stated above whereas the fixed cost will increase by 80%. If the new machine is required, how many units will have to be sold next year to earn net income of Tk. 315,120? 5
3. a) Name the ratios that can be used in banking for selecting credit worthiness of a borrower and for making future investment decisions. 6
- b) Green Harvest Ltd., a client of your branch, provides the summarized Profit & Loss Account and Balance Sheet of the last year. 14

Profit and Loss Account

Dr.		Cr.	
Particulars	Amount (Tk.)	Particulars	Amount (Tk.)
Opening Stock	1,50,000	Sales	12,80,000
Purchase	5,40,000	Closing Stock	1,12,000
Incidental Expenses for Purchase	6,000		
Gross Profit	<u>6,96,000</u>		
	<u>13,92,000</u>		
Operating Expenses:		Gross Profit	6,96,000
Selling and Distribution	45,000	Non-Operating Income:	
Administration Expenses	1,90,000	Other Income	6,000
Financial Expenses	98,000	Profit on Sale of Share	4,000
Depreciation	50,000		
Provision for Bad Debt	5,000		
Non-Operating Expenses: Loss on Sales of Assets	8,000		
Taxation	95,000		
Net Profit After Tax	<u>2,15,000</u>		
	<u>7,06,00</u>		<u>7,06,000</u>

Balance Sheet

(Amount in Taka)

Capital & Liabilities	Amount in Taka	Properties & Assets	Amount in Taka
Issued and Paid-up Capital (2000 Ordinary Shares of Tk. 100 each)	2,00,000	Land & Building	3,90,000
Reserve	1,90,000	Plant & Machinery	2,35,000
Long Term Loan (Investment)	2,00,000	Stock-in Trade	1,12,000
Current Liabilities	2,10,000	Accounts Receivable	97,000
		Less: Provision for Bad Debts	5,000
			92,000
Profit & Loss Account	1,17,000	Cash & Bank	88,000
	<u>9,17,000</u>		<u>9,17,000</u>

From the above statements, you are required to calculate the following ratios and state the purpose they serve:

- i. Current Ratio
- ii. Debt Equity Ratio
- iii. Profitability Ratio
- iv. Stock Turnover Ratio
- v. Interest (Profit) Coverage Ratio
- vi. Fixed Asset Turnover Ratio
- vii. Return on Capital Employed

4. a) Discuss the utility of cash budget as a tool of liquidity management of a bank.
- b) Surma Ltd. (SL) is engaged in trading business. The following data has been extracted from its business plan:

Sales:

Actual		Forecast	
January 2018	Tk. 85,000	March 2018	Tk. 55,000
February 2018	Tk. 95,000	April 2018	Tk. 60,000
		May 2018	Tk. 65,000
		June 2018	Tk. 75,000

Followings are the additional information relating to this business:

- i. Cash sales are 20% of total sales. SL earns a gross profit of 25% of sales and uniformly maintains stocks at 50% of the projected sales of the following month.
- ii. 60% of the debtors are collected in the first month subsequent to sale whereas the remaining debtors are collected in the second month following sales.
- iii. In January 2018, SL paid Tk. 80,000 as 25% advance against purchase of packing machinery. The machinery was delivered and installed in February 2018 and was to be operated on test run for two months. 50% of the purchase price was agreed to be paid in the month following installation and remaining amount at the end of test run.
- iv. Creditors are paid one month after purchase.
- v. Administrative and selling expenses are estimated at Tk. 6,000 per month and Tk. 2,000 per month respectively and are paid in the month in which they are incurred. SL had cash and bank balance of Tk. 65,000 as at 28 February 2018.

Prepare a month-wise cash budget for the quarter ended 31 May 2018.

15

Section-II
(Financial Management)

5. a) Explain the concept of Time Value of Money. State its importance in modern business.
- b) i. One of your clients would need Tk. 500,000 for paying his Muhar to his wife after 5 years from now. How much amount should he deposit each year in his Muhar Savings Account, if the yearly provisional rate is 8%?
- ii. Mr. Habib, investment client of your branch, has taken a 20 months car investment under the Car Investment Scheme of Tk. 16,00,000. The rate of return is 12% per annum. What will be the amount of monthly installment?

c) Distinguish between a Nominal Rate and an Effective Annual Rate (EAR)

6. a) What are Capital Budgeting Techniques? Explain the relationship between Net Present Value (NPV) and Internal Rate of Return (IRR) of Capital Budgeting Techniques. 6
- b) A company is planning to acquire a machine. Two machine 'High Tech' and 'Automated' are available. Costs of 'High Tech' and 'Automated' Machine' are Tk. 50,00,000 and Tk. 40,00,000 respectively. In comparing the desirability of the machine, a discounted rate 12% is to be used and machine is to be written off in 5(five) years by using straight line method of depreciation with zero salvage value. Expected annual net cash inflows after taxes of two machine are as follows:

(Amount in Taka)

Year	High Tech	Automated
1	12,00,000	12,00,000
2	12,00,000	12,00,000
3	15,00,000	10,00,000
4	16,00,000	10,00,000
5	18,00,000	14,00,000

Determine the Payback Period and Internal Rate of Return of the two investment proposals and pass your comment on the feasibility of the investment in machine to be purchased. 14

7. a) Is dividend decision a financing decision? Explain. 5
- b) The book value and the cost of capital of each source of capital of a business are given below:

Source	Book Value	Cost of specific Capital (%)
Debt	Tk. 2,50,000	2.79
Preference Share	Tk. 1,50,000	7.84
Equity	Tk. 2,00,000	8.67
Retained Earnings	Tk. 3,50,000	8.31

Determine the Weighted Average Cost of Capital (WACC) of the business. 5

- c) Discuss the various approaches of financing working capital of firm. 10

8. Write short notes on any 5(five) of the following: (5x4)=20

- Determinants of Working Capital;
- MM Hypothesis;
- Trade Financing;
- Hire Purchase under Shirkatul Melk;
- Operating Cycle;
- Stock Split, and
- Financial Lease.

The End

Diploma in Islamic Banking Examination April-2018

Part-II

205: E-Banking

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5(five) questions. The figures in the right margin indicate full marks.)

1. a) Describe the different functions of a computer system? 10
- b) Define Dynamic RAM (DRAM) & Static RAM (SRAM) and their uses? 5
- c) Why BIOS (Basic Input Output Software) is used in computer system? 5
2. a) Write short notes on the following: 5x2=10
 - i. EMV Card
 - ii. Ransomware
 - iii. Spoofing
 - iv. Hacking
 - v. Pirated Software
- b) How social engineering acts as a threat of information security? 10
3. a) What is the role of e-GP services provided by the Bank? What are steps of e-Hajj payment? 6
- b) Mention the services available in i-Banking. 6
- c) Define MIS. What are the reports the Branch Admin is needed to be checked daily and monthly for General Banking and Investment Modules? 8
4. a) What is the storage device? What are the common classifications? 6
- b) Compare between LAN and WAN? What is the network security? 8
- c) How CBS security, user privileges are maintaining through Central Authentication Security Module (CASM)? 8
5. a) What are the factors affecting the speed of the Microprocessor? 6
- b) What are differences between Multitasking and Multiprocessing? 6
- c) What are the new features available using ATM after implementation new Switch (Smart Vista) 8
6. a) What do you understand by Transaction Monitoring System (TMS)? What is the policy of TMS of your Bank? What is the purpose of TMS? 10
- b) What is NPSB? Who are the members of NPSB system? How NPSB system is working? Describe interbank settlement and dispute resolution process in NPSB. 10
7. a) What is Flat File Database & Relational Database? What are the differences between them? Why RDMS is used for? 4+4+2
- b) What is the meaning of financial inclusion? What are the tools of financial inclusion? 2+2
- c) How Agent Banking and Mobile Banking are playing vital roles for financial inclusion to reduce poverty? 6
8. Write Standard Operating Procedure(SOP) any 5(five) of the following: 5x4=20
 - a) SWIFT Operation;
 - b) ATM Card Issue;
 - c) ATM Cash Loading;
 - d) Online CIB Reporting;
 - e) ISS (Integrated Supervision System);
 - f) RIT(Rationalize Input Template) reporting system, and
 - g) Day End Process.

The End

Diploma in Islamic Banking Examination April-2018

Part-II

206: Micro Finance and Rural Banking: Conventional & Islamic

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer any 5(five) questions. The figures in the right margin indicate full marks.)

1. a) Distinguish between microfinance and microcredit. Discuss the historical growth of Islamic microfinance in Bangladesh. 10
- b) Discuss the impact of various collateral substitutes in making microcredit programs successful. 10
2. a) How do Islamic microfinance services help to achieve Maqasid-al-Shariah in banking? 10
- b) Discuss the modes of investment used in RDS of IBBL. 10
3. Discuss the role of MRA and PKSf in promoting and regulating microfinance industry in Bangladesh. 20
4. Discuss in brief the role of the followings: 20
i) RAKUB, ii) PKSf, iii) BARD, and iv) RDS
5. a) Describe some basic features for formulating an integrated approach of Microfinance (MF) to develop SME. 10
- b) Discuss the socio-economic and cultural impact of Islamic microfinance in Bangladesh. 10
6. a) Distinguish between 'Individual Lending' and 'Group Lending' 10
- b) What are the risks involved in 'Individual Lending' and 'Group Lending' 10
7. How would you measure poverty? "Microfinance is not that relevant to the hardcore poor". Discuss. 20
8. Write short notes on any 5(five) of the following: 5x4=20
 - i. Obstacles of Islamic Microfinance;
 - ii. BARD;
 - iii. Informal Credit;
 - iv. Overlapping of Microfinance;
 - v. Target Market;
 - vi. MDGs, and
 - vii. Social Business.

The End