

Diploma in Islamic Banking Examination, September-2016
PART-I

101: Islamic Ideology

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) Write down the translation of Surah Al-Fatihah in Bangla/English 6
b) "Surah Al-Fatihah is the best prayer for seeking real guideline from Almighty Allah"- Explain with its 7 (Seven) verses. 14
2. Define and differentiate the following pairs of terms (**any five**): 5x4=20
 - a. Bai and Bai Al Inah
 - b. Hadith and Sunnah
 - c. Shariah and Fiqh
 - d. Al-Maruf and AL-Munkar
 - e. Shariah Based and Shariah Compliant
 - f. Zaruriat & Haziat
 - g. Fardh Kifaya & Fardh Ain
 - h. Iman & Taqwa
3. a) What do you mean by the term Iman? 5
b) What are the impacts of Iman over a person that ensure his entrance to the Jannat? 15
4. a) Discuss the importance of marriage in Islam. 5
b) What qualities are preferred in Islam in selection of bride and groom? 7
c) How can you develop a model Islamic family? 8
5. a) Does Islam deprive woman from their rights? Justify your answer. 10
b) What are the duties of parents towards their children in the light of Quran and Sunnah. 10
6. a) What is the concept of poverty in Islam? Does Islam appreciate poverty? Explain 10
b) Suggest the ways to alleviate poverty from Bangladesh following Islamic principles. 10
7. What is the truce of Hudaibiyyah? Discuss its conditions. What was its impact on the victory of Makkah? 20
8. Write short notes on any **5(five)** of the following: 5x4=20
 - a. Haqqul Ibad
 - b. Sources of Islam
 - c. Baitul Maa'l
 - d. Meeras
 - e. Towbah
 - f. Musafir
 - g. Tawarruq
 - h. Maqasid Al-Shariah

The End

Diploma in Islamic Banking Examination, September-2016

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) Discuss the special features of Islamic Economics. In what respect does it differ from conventional economics? 8
- b) Do you think that in the present global economic situation, Islamic economics can be the best alternative to offer a solution to the instable, inequitable and poverty stricken economics? 12
2. a) What is demand and supply curves? Draw hypothetical demand and supply curves from demand and supply schedules of rice and mangoes. 12
- b) How does a consumer behave in an Islamic Economics System? 8
3. a) What is indifference curve? Discuss the characteristics of indifference curve. 8
- b) Distinguish between cardinal and ordinal utility approach. How does a consumer maximize utility? Show with a suitable model. 12
4. a) What is production function? Describe the importance of land and labour in both the conventional and the Islamic economics. 10
- b) What are the advantages and disadvantages of large scale and small scale production? Describe in detail. 10
5. a) Define and narrate the functions of money in conventional and Islamic economics. Distinguish between narrow money and broad money. 10
- b) Discuss the quantity theory of money including its limitations. 10
6. a) Distinguish between demand pull and cost push inflation. Do you think the inflationary pressure prevails in the economy of Bangladesh? If so, suggest measures to control it. 8
- b) Discuss the ways of controlling inflation in Islamic economic system. 12
7. a) State the role of the Islamic economic principles to reduce income discrimination. 10
- b) Develop an ideal banking framework to ensure high economic growth and inclusive development in our country. 10
8. Write short notes on any **5(five)** of the following: 5x4=20
 - a. Fiscal Policy
 - b. Stagflation
 - c. Law of diminishing return
 - d. Nominal wage and real wage
 - e. Micro & SME financing
 - f. Mubah & Makruh
 - g. Money supply & High powered money

The End

Diploma in Islamic Banking Examination, September-2016

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) State the philosophy of debit and credit in recording business transaction. 4
- b) M/s Sun and Moon Limited incorporated in June, 2016 with initial capital 1,00,000 shares @ Tk. 100/-each out of which Tk. 50/- is paid-up for each share. During the first month of its operation, the Company did the following transactions:
2016
June 4 Credit purchase of goods for Tk. 50,000.00
5 Paid to creditors Tk. 10,000.00
7 Credit sale Tk. 60,000.00
10 Cash received from debtors Tk. 40,000.00
15 Rent paid Tk. 30,000.00 but the monthly rent is Tk. 5,000.00
16 Entertainment expenses Tk. 5,000.00
20 Paid advance to suppliers Tk. 10,000.00
25 Advance received Tk. 40,000.00
Required:
 - i. Pass the Journal entries with narration. 8
 - ii. Transfer the above entries to the Ledger Accounts. 8
2. a) Mention the basic concepts of Accounting. 5
- b) State the accounting standards of AAOIFI. 5
- c) Prepare a Trial Balance from the following ledger account balances as on June 30, 2016 of M/s ABC Ltd: 10
Share Capital Tk. 3,00,000.00, Purchase Tk. 2,10,000.00, Accounts Receivable Tk. 55,500.00, Salary Tk. 10,000.00, Business Expenses Tk. 12,000.00 Profit on Deposit Tk. 7,000.00, Advance Rent Tk. 30,000.00, Goodwill Tk. 200,000.00, Return Inward Tk. 5,000.00, Sales Tk. 2,97,000, Profit paid to Bank Tk. 9,000.00, Bills Payable Tk. 31,400.00, Deferred Expenses Tk. 50,000.00, Salary payable Tk. 5,000.00, Trade License renewal fees Tk. 2,000.00, Provision for bad debts Tk. 4,500.00, Rent Tk. 2,500.00, Return outward Tk. 6,000.00, Drawings Tk. 63,500.00, Cash at bank Tk. 10,000.00, Petty cash Tk. 700.00, Dividend Income Tk. 2,900.00, Accrued Expenses Tk. 8,500.00 and Stationary stock Tk. 2,100.00
3. a) Describe the roles and functions of Accounting. 6
- b) What is accounting cycle? Describe its stages. 6
- c) Prepare a Bank Reconciliation Statement of M/s Smart (Bd.) Ltd. taking into account the following particulars; 8
 - i. Cash Book balance on June 30, 2016 was Tk 7,15,000.00;
 - ii. A debtor deposited Tk. 5,00,000.00 into account on June 28, 2016 and

- submitted deposit slip on July 2, 2016;
- iii. A cheque of Tk. 4,00,000.00 issued to a creditor on June 29, 2016 but bank dishonored the cheque on July 1, 2016 and the cheque returned by creditor on July 2, 2016;
 - iv. Bank charge was Tk. 500.00;
 - v. Rent of Tk. 1,000.00 paid through cheque but not recorded in the ledger;
 - vi. Bank credited Tk. 2,500.00 as profit into the account.
4. a) M/s Padma Trading provided the following data related to inventory for the month of July, 2016; 14
- July 1 Inventory 4,500 Unit @ Tk. 690 per unit;
 7 Sales 3,000 units
 10 Purchase 8,000 unit @ Tk. 700 per unit.
 15 Sales 7,000 unit
 20 Purchase 4,000 units @ Tk. 750 per unit;
 25 Sales 5,000 units
 30 Purchase 6,000 units @ Tk. 730 per unit;
 31 Sales 2,000 units
- Required:
 Determine the cost of Inventory and cost of goods sold for the month under (i) FIFO; (ii) LIFO; and (iii) Average methods.
- b) M/s Modern Washing Ltd. Purchased a washing machine at a cost of Tk. 20,00,000.00. It has an estimated economic life of 4 years with Tk. 400,000.00 salvage value. 6
 You are required to determine the annual depreciation of the machine under (i) Straight line method; (ii) sum of the years' digit method; and (iii) Double declining balance method.
5. a) Is the Trial Balance a books of accounts? Why does it is prepared? 4
 b) What are the differences between Trial Balance and Balance Sheet? 4
 c) Prepare a Double Column Cash book of M/s XYZ Ltd. by using the following 12
 particulars:
- 2016
 June Opening Cash Balance Tk. 10,000 and at Bank Tk. 5,000.
 1
 6 Salary Paid to the employees through cheque Tk. 3,000.
 10 Received from M/s Jamal & Co. a total of Tk. 5000 out of which Tk. 2,000 cash and the rest amount through cheque.
 12 The cheque received on June 10, 2016 deposited into Bank.
 14 Paid M/s Masud & Co. Tk. 400 in cash and Tk. 600 through cheque.
 16 Cash sales Tk. 8,000.
 20 Cash deposited to Bank Tk. 1,500.
 21 Tk. 1,000.00 withdrawn by the owner for personal purpose.
 25 Tk. 2,000.00 withdrawn for official purpose.
 30 Computer purchased in cash Tk. 1,500.
6. The following Trial Balance was extracted from the books of accounts of M/s Delta 20

Co. Ltd. as on December 31, 2015;

Trial Balance
As on December 31, 2015

<u>Particulars</u>	<u>Debit</u>	<u>Credit</u>
Share Capital		5,00,000
Land & Buildings	19,00,000	
Machinery	8,50,000	
Investment from Bank		25,00,000
Inventory (Raw Materials Tk. 50,000, WIP Tk. 100,000 and Finished goods Tk. 1,40,000)	2,90,000	
Account Receivable	1,00,000	
Accounts Payable		63,000
Sales		5,50,000
Purchase	1,00,000	
Carriage Inward	8,000	
Return Outward		4,500
VAT on Sales	2,500	
Carriage Outward	4,000	
Wages	3,500	
Other Manufacturing cost	2,000	
Office Supplies	3,000	
Salary	75,000	
Return Inward	2,000	
Furniture	2,00,000	
Provision for Bad Debts		3,000
Provision for Taxes		46,000
Bad Debts	1,500	
Cash in hand	10,000	
Cash at Bank	55,000	
Pre-paid Rent	60,000	
	<u>36,66,50</u>	<u>36,66,50</u>
	0	0

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Additional Information:

- a. Inventory on hand Tk. 300,000. (R.M. Tk. 1,50,000, W-I-P Tk. 50,000 and Finished goods Tk. 1,00,000).
- b. Office supplies worth Tk. 500 was unused.
- c. Depreciation on Machinery 10% per annum.
- d. Provision for Taxes Tk. 2,000.
- e. Provision for Bad Debts Tk. 2,500.

Required:

- i. Prepare the Income Statement.
- ii. Prepare the Balance Sheet.

7. Yeakin Islamic Bank Ltd. has given you the following Trial Balance to prepare the Profit and Loss Account and Balance Sheet as on December 31, 2015 following BRPD Circular 14, 2003 and Islamic Banking Guidelines, 2009 issued by Bangladesh Bank:

20

Yeakin Islamic Bank Ltd.
Trial Balance
as on 31 December 2015

<u>Particulars</u>	<u>(Taka in million)</u>	
	<u>Debit</u>	<u>Credit</u>
Paid up Capital		7,000
Total Deposits		95,000
Balance with Bangladesh Bank	5,000	
Balance with Agent Bank	3,000	
Cash in hand	5,000	
Cash at ATM	2,000	
Cash at IDM	200	
General Investments	85,000	
Profit paid on Deposit	2,200	
CEO's Salary	25	
Salary and Allowances	250	
Bills Payable		4,250
Commission, Exchange, Brokerage etc,		1,750
Investment Income		8,700
Other Income		1,451
Premises & Fixed Assets	3,000	
Meeting Expenses	100	
Legal Expenses	300	
CSR Expenses	50	
Postage & Telecommunication	20	
Zakat-Provision		700
Investment in Govt. Bond	7,500	
Non-Banking Assets	5,300	
Income from OBU		30
Prepaid Expenses	30	
Accrued Expenses		40
Insurance Premium	32	
Provision for Classified and unclassified Investment		86
	<u>119,007</u>	<u>119,007</u>

Additional Information:

- i. Provision for classified Investment Tk. 300 million, for Taxes Tk. 200 million and other Tk. 100 million to be provided.
- ii. Depreciation on fixed assets @ 10% needs to be considered.

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

5x4=20

- a. Statutory Reserve
- b. Errors in Trial Balance
- c. Assets vs. Liabilities
- d. Cash vs. Accrual Basis Accounting
- e. Book-keeping vs. Accounting
- f. Window Dressing
- g. Revenue vs. Capital Expenses
- h. Intangible Assets

The End

Diploma in Islamic Banking Examination, September-2016

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) "Management is a social system." – Explain. 7
b) According to Henry Mintzberg, a manager has to play ten different roles. What are those roles? 6
c) "Productivity is through people." Comment. 7
2. a) "Planning without proper implementation strategy is like poetic imagination"-discuss. 7
b) Why supervision and controlling is essential for successful implementation of a plan? 7
c) Mention the importance of SWOT in the planning process. 6
3. a) What are the main principles of organization? 6
b) Distinguish between formal and informal organization. 5
c) What do you mean by delegation of authority? Why are managers reluctant to delegate authority? Discuss the process of delegation of authority. 9
4. a) "High level of motivation among the managers and employees is the key to success of Islamic Banks." – Comment on the statement. 7
b) Briefly explain the Basic Needs Tree Model of Motivation devised by Imam Ghazali (R) and Imam **Shatibee** (R) 10
c) Do you think that it is a universal model of motivation? Why or why not? 3
5. a) Discuss the different forms of leadership. 6
b) Distinguish between transactional and transformational leadership. 6
c) What are the points of difference between a manager and a leader? What are the essential qualities required for the effective managers of Islamic Banks? 8
6. a) How the prophetic (PBUH) management style is superior to the conventional management practices? Give arguments. 7
b) As an Islamic Bank manager, what steps would you take to get all officials under your control involved in the activities of the branch? 7
c) Briefly discuss the steps for resolving the interpersonal conflict in an organization. 6
7. a) Define controlling. Discuss the controlling process. 8
b) Distinguish between feedback and feed-forward control with examples. 6
c) "Many employees do not like to be controlled." Why? Explain. 6
8. Write short notes on any **5 (five)** of the following: 5x4=20
 - a. Talent Management
 - b. MBWA
 - c. Globalization
 - d. MIS
 - e. Total Quality Management (TQM)
 - f. Islamic Takaful
 - g. Innovation and Change Management
 - h. Six Sigma

The End

Diploma in Islamic Banking Examination, September-2016

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) Define the communication process. Explain the process with the help of a schematic representation. 8
- b) How is feedback important in communication? Give two examples of delayed feedback from your personal experience. 6
- c) Explain how communication can increase the efficiency of Bank Management. 6
2. a) Compare between oral communication and written communication. 4
- b) Discuss the merits and demerits of formal communication. 5
- c) Under what circumstances is oral communication more effective in a bank? 7
- d) State the importance of ethical communication in an Islamic bank. 4
3. a) What is e-mail? Mention its advantages and disadvantages. 5
- b) Describe the differences between online banking and internet banking. 4
- c) What is SWIFT? How does it work? 4
- d) One of your clients has failed to pay his dues on the due date and you have not received payment even two weeks after the due date. Draft a suitable reminder to the delaying client through e-mail. 7
4. a) What is a circular letter? State its importance in a commercial bank. 5
- b) What is the difference between a circular letter and an advertisement? 5
- c) As a Branch Manager of an Islamic bank draft a circular letter to be issued to the local people announcing the opening of a new branch in certain locality. 10
5. a) Draft a speech to be addressed to the employees of your bank with a visionary plan at the commencing of the Silver Jubilee of the bank. 10
- b) Draft an advertisement to be published in a daily newspaper for the post of a Financial Analyst for appraising the performance of investment projects of your bank. 10
6. Suppose, you have been asked by the Managing Director of your bank to write a report on the general efficiency and negligence of duties of the staff of a particular branch of the bank. Draft the report with the findings and your recommendations. 20
7. a) Define the concept of emotional intelligence. 5
- b) Discuss the role emotional intelligence plays in building relationships and improving performance at work. 10
- c) While technology has created an increase in the number of ways to communicate rapidly, "face to face communication" is still considered to be the best and the most influential way to communicate. List the advantages of face to face communication. 5
8. Write short notes on any **5 (five)** of the following: 5x4=20
 - a. Video Conference
 - b. Agenda and Minutes
 - c. Annual General Meeting(AGM)
 - d. Flow Chart
 - e. Management Information System (MIS)
 - f. Cross-Cultural Communication
 - g. Inquiry Letter
 - h. Mass Communication

The End

Diploma in Islamic Banking Examination, September-2016
PART-I

106: Theory and Practice of 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) | Define Islamic Banking. How Islamic Banking is superior to that of conventional one? | 8 |
| | b) | Describe the principles of mobilization of deposit by the Islamic Banks. | 6 |
| | c) | How profits are distributed to the mudaraba depositors? | 6 |
| 2. | a) | What are the differences between Retail Banking and Corporate Banking? | 6 |
| | b) | Mention the advantages and disadvantages of online banking. | 5 |
| | c) | Define and describe the functions of Merchant Banking. | 5 |
| | d) | Describe the role and functions of Non Bank Financial Institutions. | 4 |
| 3. | a) | "Central Bank is a Banker, Agent and Financial Adviser to the Government", Discuss briefly. | 7 |
| | b) | Describe the role of statutory auditor for good governance in the banking industry. | 7 |
| | c) | What is Bank Rate and Open Market Operation? | 6 |
| 4. | a) | Who is holder in due course? Discuss the rights and privileges of holder in due course. | 7 |
| | b) | Differentiate between Promissory Note and Bill of Exchange. | 5 |
| | c) | What are the secured types of crossing? | 4 |
| | d) | Define Post dated cheque and Stale cheque. | 4 |
| 5. | a) | Define Money Laundering and Terrorist Financing. | 5 |
| | b) | Describe briefly the stages of Money Laundering. | 5 |
| | c) | Discuss the importance of CDD and EDD in combating the AML & CFT. | 5 |
| | d) | Mention the predicate offences relating to the Money Laundering. | 5 |
| 6. | a) | What is endorsement? Describe different types of endorsement. | 5 |
| | b) | What papers/documents are required to open an account of;
i) Club/Societies ii) Trust iii) Public Limited Co. | 6 |
| | c) | In what circumstances a banker must refuse payment of a cheque? | 5 |
| | d) | Define and describe Money Market. | 4 |
| 7. | a) | "Asset Liability Management is key to the success of a Bank", Discuss. | 8 |
| | b) | Describe the role of Deposit Mix and Investment Deposit Ratio(IDR) in the overall profitability of a Bank. | 6 |
| | c) | What is the Capital to Risk-weighted Asset Ratio (CRAR)? Why it is so important to maintain? | 6 |
| 8. | | Write short notes on any 5 (five) of the following: | 5x4=20 |
| | a. | Lien and Mortgage | |
| | b. | Eligible Securities | |
| | c. | Bankers' Right of Set-off | |
| | d. | Off Balance Sheet Sources | |
| | e. | Suspicious Transaction Report(STR) | |
| | f. | Virtual Banking | |
| | g. | SS, DF & BL | |
| | h. | Call Money Market | |

The End

Diploma in Islamic Banking Examination, September-2016

PART-II

201: Investment 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) How the investment policy of Islamic Banks can ensure the Mission and Vision of Islamic Banking industry? 12
b) "Sharing investment mechanism in Islamic Banks is superior to conventional one." Justify the statement. 8
2. a) Bangladesh economy and banking stands on two 'R': i.e. Wage earners Remittance and Readymade Garments. Explain the statement with facts and figures. 10
b) Describe the investment modes under which composite investment facilities are provided to RMG sector and its forward and backward linkage units by the Islamic banks. 10
3. a) What is provisioning? How does it affect the profitability of a Bank? 8
b) One of your investment projects with working capital liability of Tk. 25 million and HPSM liability of Tk. 20 million classified as BL needs to be rescheduled for the first time. State stepwise processing as per BRPD circular. 12
4. a) What is meant by entrepreneurship Development? 8
b) How does an Islamic Bank can contribute in developing new entrepreneurship under SME financing? 12
5. a) Discuss the factors that influence the investment sanctioning process. 10
b) Describe the sources of credit information. 5
c) State the policy guidelines for considering special Rate of Return and reduced commission & different charges for a good rated client. 5
6. a) Describe the policy for valuation of property as per BB Guideline. 10
b) State minimum security standard as practiced by Bank for funded & non funded investment. 10
7. a) Discuss the procedures of documentation and formalities relating to Bank to Bank taking over of investment. 5
b) Prokash Ltd. is a manufacturing company. Mr. & Mrs. Hoq are the Directors of the company. Mr. Hoq is an Engineer having 15 years experience in current business. They have only one daughter aged 12 years. The company has a liability of Tk. 200 million with a conventional Bank which is classified as sub-standard(SS). The company has fixed assets of Tk. 150 million (Land Tk. 50 million, Building Tk. 20 million, Machinery Tk. 80 million), as per books of record current stock value and receivable of the company are Tk. 80 million and Tk. 30 million respectively. Mentionable here that its manufacturing activities are carried out by electricity as the company has not gas connection. As an Islamic Banker, Please justify your position whether you will take over the liability or not. 15
8. Write short notes on any 5 (five) of the following: 5x4=20
 - a. Collateral Coverage and Collateral Management
 - b. Supervisory Review Process (SRP)
 - c. Environment Risk Management
 - d. Receivable Turnover Ratio
 - e. CIB Report & Credit Report
 - f. Corporate Banking and Retail Banking
 - g. Average Method & Annuity Method
 - h. Risk Grading & Risk Rating

The End

Diploma In Islamic Banking Examination, September-2016

PART-II

202: International Trade and Finance

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer *any 5(five)* questions, taking at least **2(Two)** from each group.
The figures in the right margin indicate full marks.)

Group-A

1. Discuss the following issues in the light of the guidelines for foreign exchange transaction (GFET) of Bangladesh Bank: 4×5
 - a) Import on FOB basis
 - b) Advance remittance against imports
 - c) Certification of EXP forms
 - d) Issuance of PRC against export
 - e) Remittance in excess of value of LCAF

2. Answer the following questions as per UCPDC-600: 2×10
 - a) Can a second advising Bank be appointed for advising purpose? What is the responsibility of second advising Bank?
 - b) What is the procedure of refusing to honour the documents on the part of an issuing Bank?
 - c) What specific requirements are supposed to be observed by issuing Banks in regards to "other documents", while opening an L/C?
 - d) What does UCPDC say regarding terms and conditions of "Credit" and "Sales/Purchase contract"?
 - e) If the expiry date of L/C falls on a holiday, then what appropriate notations are to be given for submission of documents on the day following the holiday?
 - f) What appropriate notations are to be given in the body of an L/C at the time of opening it?
 - g) Why must an L/C stipulate an expiry date? What constitutes expiry place?
 - h) Differentiate between transferable L/C and transferred L/C.
 - i) Which Bank(s) can act as transferring Bank?
 - j) What would be currency of a commercial invoice? What sort of description of goods a commercial invoice will contain?

3. a) Discuss about EDF. State its disbursement procedure complying shariah principles.
- b) What are the functions of OBU? Discuss about UPAS and its operational procedures.
- c) Distinguish between D/P and D/A under documentary collections. State responsibilities of collecting Bank in case of D/A.
4. a) Discuss about post-shipment finance modes as used by Islamic Banks.
- b) Describe import financing under HPSM mode. What types of goods can be imported under HPSM mode? Also state its recovery procedure.
- c) Discuss about Bai-Salam Investment mode. What are the procedures of disbursement and adjustment of Bai-Salam Investment?

Group-B

5. a) Distinguish between International financial system and International monetary system.
- b) What do you mean by International financial market? Name and define at least 3(three) international financial markets.
- c) What is financial Engineering? Differentiate between futures and options markets.
6. a) "International trade is a win-win game." Explain the statement.
- b) What are the purposes of trade theories? Explain Absolute Cost Advantage theory.
- c) Differentiate among "Overall Balance", "Trade Balance" and "Current Account Balance" of BOP of a country.
7. a) Discuss the functions of the constituent institutions of World Bank Group.
- b) What is the objective of WTO? Name the agreements which are included under WTO framework.
- c) State membership criteria, functions and vision 1440H (2020) of IDB.
8. a) How do you differentiate between:
 - i. Base currency and Quoted currency
 - ii. Direct and Indirect Quotation
 - iii. Market Maker and Market user
 - iv. Independent Floating and Managed Floating.
- b) Calculate the usance rate of 90 days usance export bill denominated in GBP by using following data
 - i) £1=\$1.4920 - 1.4980 (London)
 - \$1= Tk. 78.40 - 78.90 (Dhaka)
 - ii) Transit Period - 15 days
 - iii) Rate of Profit - 7% p.a.
 - iv) Profit margin on F.C - Tk. 0.20 per GBP
 - v) 360 days in a year

3×4=

The End

Diploma in Islamic Banking Examination, September-2016

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? 4
b) Why is ethics in Banking so important? 4
c) Differentiate between Ethics and Law. 4
d) Please suggest some do's and don'ts for Banks to meet ethical standard in Banking business. 8
2. a) "A company is an artificial person created by law with a perpetual succession and a common seal" -Explain this statement and point out the basic features of a company. 10
b) Mr. X and his wife, who were the only two members of a private company, died in an accident. Does the company also come to an end? 5
c) A company seeks your advice as to whether it will be proper for it to register a transfer of shares when the transferee is known to be minor. Record your views. 5
3. a) What is KYC remediation in the context of AML compliance? 5
b) What are the duties & responsibilities of BAMLCO as per section 25 of the Money Laundering Prevention act, 2012? 8
c) Can you identify as to why a sound compliance culture has not taken its due shape despite sufficient instruction circulars have been issued in this respect? 7
4. a) What are the differences between ethics and professionalism? How do these affect the banking business? 6
b) How business ethics and religious values can help to protect fraud-forgeries in banking business? 6
c) What are the basic principles of Islam in Trade and Finance? 8
5. a) Define with example 'Mortgage', 'Mortgager', 'Mortgagee', 'Mortgaged Money' and 'Mortgage Deed'. 12
b) What do you mean by Transfer of Properties? 8
6. a) What should be the contents of a Plaint of a Artha Rin Suit? When a plaint may be rejected or returned and what are its consequences? 10
b) How can a suit be instituted by/or against a minor or a person of unsound mind? How such a suit may be compromised? 10
7. a) What are the main businesses of a Banking company as per section 7 of the Bank company act, 1991? 8
b) What is negotiable instrument? What are the liabilities of parties on negotiable instruments? 8
c) Define Defaulter Debtor with necessary explanation. 4
8. Write short notes on any **5 (five)** of the following: 4x5=20
 - a. Beneficial Owner
 - b. Endorsement
 - c. Eligible Security
 - d. Capital Charge
 - e. Domiciled Bill
 - f. Pari-Passu Charge
 - g. Bill of Lading
 - h. Moral Suasion

The End

Diploma in Islamic Banking Examination, September-2016

PART-II

204: Management Accounting & Financial Management

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer **any(5) five** questions selecting at least **2(two)** questions from each section.
The figures in the right margin indicate full marks)

Section-I (Management Accounting)

- 1 a) What is meant by Management Accounting? 4
- b) Describe in brief the nature and objective of Management Accounting. 6
- c) Explain the role of Management Accounting in the field of Banking Business. 5
- d) What are the relationship and differences between Management Accounting and Financial Accounting? 5
- 2 The financial statements of Rashna Chemical Industries for the year ended December 31, 2015 are given below:

Rashna Chemical Industries

Income Statements

for the year ended December 31, 2015

Sales revenue	Tk. 1,60,000
Less: Cost of goods sold	<u>1,06,000</u>
Gross profits	54,000
Less: Operating expenses	
Selling expense	16,000
General and administrative expenses	10,000
Lease expense	1,000
Depreciation expense	<u>10,000</u>
Total operating expense	37,000
Operating profits	17,000
Less: Financial expense	<u>6,100</u>
Net profits before taxes	10,900
Less: Taxes	<u>4,360</u>
Net profits after taxes	Tk. <u>6,540</u>

Rashna Chemical Industries

Balance Sheet

at December 31, 2015

Assets

Cash	Tk. 500
Marketable securities	1,000
Accounts receivable	25,000
Inventories	<u>45,500</u>
Total current assets	<u>72,000</u>
Land	26,000
Buildings and equipment	90,000
Less: Accumulated depreciation	<u>38,000</u>
Net fixed assets	<u>78,000</u>
Total assets	Tk. <u>1,50,000</u>

Liabilities and stockholders' equity

Accounts payable	Tk. 22,000
Notes payable	<u>47,000</u>
Total current liabilities	69,000
Long-term debt	22,950
Common stock	31,500
Retained earnings	<u>26,550</u>
Total liabilities and stockholders' equity	Tk. <u>150,000</u>

- a) Use the preceding financial statements to complete the following table. Assume that the industry averages given in the table are applicable for both 2014 and 2015.

Ratio	<u>Industry average</u>	<u>Actual 2014</u>	<u>Actual 2015</u>
Current ratio	1.80	1.84	_____
Quick ratio	.70	.78	_____
Inventory turnover*	2.50	2.59	_____
Average collection period*	37 days	36 days	_____
Debt ratio	65%	67%	_____

Financial expenses coverage ratio	3.8	4.0	_____
Gross profit margin	38%	40%	_____
Net profit margin	3.5%	3.6%	_____
Return on total assets	4.0%	4.0%	_____
Return on equity	9.5%	8.0%	_____

**Based on a 360-day year and on end-of-year figures.*

- b) Analyze Rashna Chemical Industries' financial condition as it relates to (i) liquidity, (ii) activity, (iii) debt, and (iv) profitability. Summarize the company's overall financial condition. 10
3. a) Why is the statement of cash flows needed when most of the information in it is available from a company's comparative balance sheet and the income statement? 5
- b) Balance Sheets of Sky Blue Corporation at 31 December of 2015, and 2014 are shown below:

Sky Blue Corporation

Balance Sheet

At December 31, 2015 and 2014

<u>Particulars</u>	<u>2015</u>	<u>2014</u>
Cash	Tk. 75,000	Tk. 51,000
Marketable securities	55,000	35,000
Accounts receivable	40,000	54,000
Inventory	68,000	45,000
Prepaid expenses	6,000	10,000
Plant and Machinery	4,40,000	3,50,000
Accumulated depreciation	(1,45,000)	(1,25,000)
Intangible assets	<u>51,000</u>	<u>60,000</u>
Total assets	Tk. <u>5,90,000</u>	Tk. <u>4,80,000</u>
Accounts payable	Tk. 55,000	Tk. 50,000
Accrued expenses	20,000	27,000
Provision for taxation	1,30,000	1,50,000
Preferred Capital	80,000	31,000
Ordinary Paid up Capital	2,50,000	2,00,000
Retained Earnings	<u>55,000</u>	<u>22,000</u>
Total liabilities and equity	Tk. <u>5,90,000</u>	Tk. <u>4,80,000</u>

Additional data for the Year 2015 are as follows:

- i. During the year 2015, the purchase of Plant and Machinery includes acquisition of an equipment costing Tk.50,000 was completed in exchange of common share.
- ii. A plant with a cost of Tk. 40,000 and a net book value of Tk. 15,000 was sold during the year for Tk.7,000. There were no other sales of depreciable assets.
- iii. Dividends paid during the year 2015 are Tk. 51,000.

Required: Prepare a statement of cash flows of Sky Blue Corporation for the year ended December 31, 2015.

15

4. a) What use is the cash budget?

5

b) From the Information given below, Prepare a cash budget for the three months ended on June 2016,

15

<u>Months</u>	<u>Sales</u>	<u>Materials</u>	<u>Wages</u>	<u>Overheads</u>
February	1,40,000	96,000	30,000	17,000
March	1,50,000	90,000	30,000	19,000
April	1,60,000	92,000	32,000	20,000
May	1,70,000	1,00,000	36,000	22,000
June	1,80,000	1,04,000	40,000	23,000

Other Information are:

- i. 15% sales are on cash, 40% of the credit sales are collected next months and balance in the following month;
- ii. Credit terms are: Materials 2 months, Wages half month and overhead one month.
- iii. Cash and bank balance on 1st April, 2016 is expected to be Tk. 60,000.
- iv. Plant and machinery, purchased from leasing company, will be installed in February, 2016 at a cost of Tk. 9,60,000, the monthly installment of Tk 20,000 is payable from April onwards.
- v. Tk. 1,00,000 will be received from the buyer of the dismantled machine in May.
- vi. Dividends from investments Tk. 15,000 are expected to be received in June.
- vii. Dividend of Tk 20,000 will be paid on 1st June.
- viii. Advance income tax to be paid in June Tk. 20,000.

Section-II

Financial Management

- 5 a) What role should the financial manager play in a modern enterprise? 6
- b) What is the distinction between an annuity and perpetuity? 4
- c) i. Mr. Halal Uddin opens a MSSA @ monthly deposit of Tk. 2000, but he deposits Tk. 24,000 into his MSS account at the beginning of every year for 10 years. The provisional rate of return is 10.50% per year. If he continues this practice, how much money he can expect at the end of 10 years after his final deposit?
- ii. A deposit client of your branch want to invest Tk. 9,00,000 in MSB for 8 years from now, when your provisional rate of profit is 8.50%, and it is expected to continue the rate up to the maturity. You need to find the future value of this investment on maturity for advising the client about prospect of his investment. 5

- 5
- 6 a) "Finance is the art and science of managing money"-Explain 4
- b) Explain the limitations of Capital Budgeting. 4
- c) Janata Limited has to select any one of the following two projects. Both projects have a life of 7 years and will be depreciated on a straight line basis. The firm's cost of capital is 14% and the tax rate is 35%. Both projects require an initial cash outlay of Tk. 7,00,000 each. the estimated earning form the projects are as follows;

Year Project	1	2	3	4	5	6	7
A	95,000	1,25,000	1,75,000	2,30,000	1,75,000	2,20,000	2,40,000
B	95,000	1,10,000	98,000	2,15,000	1,25,000	1,95,000	2,95,000

Which project should the company accept? Please recommend on the basis of the following criteria.

- i. Pay back period;
- ii. Net present value;
- iii. Profitability index;
- iv. Internal rate of return

- 12
- 7 a) Define the concept of time value of money. Why is it significant in decision making phenomena of a bank? 8
- b) An Islamic bank gives an Investment of Tk. 10,00,000 to a person against Consumer Investment @ 14% Rate of Return annually on unpaid amount. The Client desires to repay the said Investment along with annual rent in 5 equal end-of-year payments.
- i. What is the amount of each annual payment?
- ii. Prepare an amortization schedule for this Investment. 6
- 6
8. Write short notes on any **8 (eight)** of the following: 8x2.5=20
- | | |
|------------------------------------|--|
| a. Capital Rationing | b. Lease Financing |
| c. Financial Spread Sheet | d. Return on Equity (ROE) |
| e. Risk-adjusted discounted method | f. Margin of Safety |
| g. Accounting Rate of Return | h. Characteristics of Short-term Financing |
| i. Effective Annual Rate | j. Sukuk and Securitization |

Diploma in Islamic Banking Examination, September-2016

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) | What are the major components of a Computer? Describe their functionality in brief. Mention five Input and Output devices. | 8 |
| | b) | Differentiate among Laptop, PC and Server. | 6 |
| | c) | What is computer Virus? What are the precautionary measures should be taken to protect your PC from virus? | 6 |
| 2. | a) | Define Computer Networking. Write down the importance and applications of Networking technology in Banking Industry. | 8 |
| | b) | What are the basic devices required to set-up WAN in branches of a bank? | 4 |
| | c) | Define and discuss the terms 'firewall' and 'Switch'. | 4 |
| | d) | Write down the differences between Intranet and Internet. | 4 |

- | | | |
|-------|---|--------|
| 3. a) | What is IT risk? How a bank can mitigate it? | 8 |
| b) | What is data encryption and decryption? | 6 |
| c) | What do you mean by two factor authentication? | 6 |
| 4. a) | What is NID verification? Why it is needed and how it is done? | 10 |
| b) | What is transaction monitoring system of CBS? What is the policy of transaction monitoring system of your Bank? | 10 |
| 5. a) | What is National Payment System (NPS) of Bangladesh Bank? Who are the members of NPS? How NPS works? | 8 |
| b) | Describe interbank settlement and dispute resolution process in the NPS | 6 |
| c) | How alternative delivery channel (ADC) can play an important role in Banking? | 6 |
| 6. a) | Write the differences among the operational procedure of BACPS and RTGS. | 6 |
| b) | What are the advantages of RTGS over BACPS? | 6 |
| c) | Mention the advantages of Centralized databases over Distributed databases. What is data synchronization? | 8 |
| 7. a) | How do you secure your PC as per guideline of Desktop policies of Bangladesh Bank? | 6 |
| b) | What is the function of AML Screening Software? At what scopes it is applicable in the CBS operation? | 8 |
| c) | Discuss the advantages of IP Phone over other phones. | 6 |
| 8. | Write short notes on any 5(five) of the following: | 5x4=20 |
| a. | Agent Banking | |
| b. | e-Commerce | |
| c. | Green Banking | |
| d. | POS | |
| e. | User Acceptance Testing | |
| f. | Pirated Software | |
| g. | Mobile Financial Service(MFS) | |
| h. | Integrated Supervision System (ISS) | |

The End

Diploma in Islamic Banking Examination, September-2016

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) | Define the terms "Microfinance" and "Microcredit". | 10 |
| b) | Discuss the contribution of Microfinance and Microcredit to our rural economy. | 10 |
| 2. | Explain Hard Core Poor. "Microfinance is not that relevant for the hard core poor" – do you agree? Give reasons in support of your answer. | 20 |
| 3. | Explain the interest rate structure of MFIs. Do you think that the rates charged are mostly exploitative? How would it be viable both for the MFIs and the borrowers? | 20 |
| 4. a) | How do Islamic Microfinance services promote Maqasid-al-Shariah in banking? | 10 |

- b) What are the modes of investment used in the RDS model of IBBL? 10
5. a) Explain the basic characteristics of MRA act, 2006. 10
- b) Discuss the role of Micro Credit Regulatory Authority in regulating and promoting microfinance in Bangladesh. 10
6. a) What is risk management? What are the risks involved in microcredit? 10
- b) Discuss the importance of risk management in micro credit in Bangladesh. 10
7. Discuss in brief the role of the following organizations as rural and micro financial institutions: 20
- a. PKSF
 - b. ASA
 - c. Grameen Bank
 - d. RAKUB
8. Write short notes on any **5(five)** of the following: 5x4=20
- a. Financial Spread
 - b. Self-Help Group (SHG)
 - c. Off-farm Economic Activities
 - d. Challenges of Islamic Micro finance
 - e. Financial Inclusion through Islamic Micro-finance
 - f. Sustainable Development Goals (SDGs)
 - g. Lead Bank System

The End