

Diploma in Islamic Banking Examination, October-2017

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 Sura Al-Asr. 6
b) Describe the concept of failure and the concept of success in the light of Sura Al-Asr. 14
2. Define and differentiate the following pairs of terms (any five) (4×5)=20
 - a. Nabi & Rasul
 - b. Hadith & Sunnah
 - c. Zakat & CSR
 - d. Ilah & Rob
 - e. Ijma & Qias
 - f. Tawhid & Shirk
 - g. Islamic Bank & Commercial Bank
 - h. Dururiat & Hajiat
3. a) Does Terrorism in the name of Islam go side by side the Zihad in Islam? 10
b) "There is no scope of Terrorism" - explain elaborately. 10
4. Describe the characteristics of Islamic Economics and prove its supremacy in comparison with Modern Economics. 20
5. How do you sketch the concept of "Muslim Ummah"? What are the problems of contemporary "Muslim Ummah" and what are their solutions in your opinion. Discuss in brief. 20
6. a) What are the sources of fund in an Islamic State? Describe in brief. 10
b) Whom Islam calls Neighbour? Write down the responsibilities of a man towards his neighbour in the light of the Quran & Sunnah. 10
7. a) What are the basic qualities of Leadership in Islam? 10
b) Prove that Mohammad (SM) is the best Leader of all times showing two critical situations which HE handled with magnificent Leadership skills. 10
8. Write short notes on any 5(five) of the followings: 5×4=20
 - a. Riba Annasia
 - b. Bai Salam
 - c. Tazkiyatun Nafse
 - d. The day of Zumua
 - e. Bai Al-Tawarruk
 - f. Doubtful Income in Islamic Banks
 - g. Al-Wadiah
 - h. Uswatun Hasan

The End

Diploma in Islamic Banking Examination, October-2017

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 Economics. Discuss the main features of Capitalistic, Socialistic and Islamic Economics. 2+8=10
b) Do you think that Islamic Economics can ensure social justice and equitable distribution of wealth more effectively? Explain. 10
2. a) What is price elasticity? Distinguish between price elasticity and income elasticity of demand. Illustrate the law of demand with an example. 2+4+4=10
b) "Resources are scarce and wants are unlimited." Explain from both conventional and Islamic points of view. 10
3. a) Define indifference curve. What are its characteristics? 10
b) What is utility? Discuss the law of diminishing marginal utility with a graph. 10
4. What is concentration of wealth? What are the consequences of it? How Islamic Economics resists it? 20
5. a) Define and distinguish between i) Fixed cost; ii) Variable cost; iii) Average cost; and iv) Marginal cost, with graphical representation. 10
b) Explain the situation of increasing constant and diminishing returns in a production function. 10
6. a) What is money? Discuss the functions of money in Conventional and Islamic Economics. Distinguish between narrow money and broad money. 10
b) Discuss the Quantity Theory of Money and describe the limitations of it. 10
7. a) Define market. How price is determined in a Perfect Competitive Market of Islamic and Capitalistic Economics? 2+8=10
b) How inflation in Bangladesh can be controlled? 10
8. Write short notes on any 5(five) of the followings: 5x4=20
 - a. GDP and GNP;
 - b. Economies of scale of production;
 - c. Interest and Mark up profit;
 - d. Fiscal Policy and Monetary Policy;
 - e. Micro and Macro Economics;
 - f. Balance of Payment and Balance of Trade;
 - g. Green Banking and Ethical Banking.

The End

Diploma in Islamic Banking Examination, October-2017

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) What are the golden rules of debit and credit? Give examples to explain these. 5
- (b) The following transactions were made by Jb. X during the month of August, 2017:
- August-1: The owner invested Tk.1,50,000 as capital.
- 5: Purchased goods Tk. 40,000 in cash and Tk. 20,000 on credit.
- 7: Purchased office supplies Tk. 5,000.
- 10: Sold goods Tk. 30,000.
- 12: Paid to Accounts Payable Tk.10,000.
- 15: Office rent paid Tk. 24,000 but monthly rent is Tk. 3,000.
- 25: Paid monthly salary Tk. 5,000.
- 31: Paid utility bills Tk.500.
- Required:
- i. Pass the Journal entries with narration; 6
- ii. Transfer the entries into the Ledger Accounts; and 6
- iii. Prepare the Trial Balance. 3
2. (a) Sketch-up of a Triple Column Cash Book and briefly describe every column. 5
- (b) Why does a bank prepare reconciliation statement? 5
- (c) Prepare a bank reconciliation statement of M/s. Alphabet (BD.) Ltd. with the following information as on 30th June, 2017: 10
- (i) Cash book balance on 30.06.2017 for Tk. 79,700.
- (ii) A cheque is issued to a supplier for Tk. 50,000 on 28.06.2017 but the supplier not yet placed the cheque to bank.
- (iii) Dividend warrant received Tk. 25,000 and deposited to bank account.
- (iv) Bank charge Tk. 670 and bank paid profit Tk.1200.
- (v) A cheque for Tk. 5,000 for salary issued on 29.06.2017 not yet placed to bank.
3. (a) Mention the Accounting Standards of AAOIFI. 5
- (b) Jb. K. Hossain starts a smart phone app development firm named “Softbyte” on August 1, 2017. During the month, 15 the transactions occurred:
- i) Investment made by the owner for Tk. 15,000 in cash.
- ii) Purchase of equipment in cash Tk. 5,000.
- iii) Purchase of supplies of Tk. 1500 on credit.
- iv) Service performed for customers Tk. 2000 in cash.
- v) Advertisement expenses Tk.300 on credit.
- vi) Service performed to customers Tk. 3500 where cash received Tk. 2000 and balance amount on credit.
- vii) Paid monthly expenses: Office Rent Tk. 500; Salary Tk. 1000; and Utility Tk. 200.
- viii) Paid Tk. 500 against Accounts Payable.
- ix) Received Tk. 500 from Accounts Receivable.
- x) Withdrawal of Tk. 1000 in cash for personal use.
- Prepare a tabular analysis of the transactions, income statement, owner’s equity statement, and balance sheet of the firm for the month of August, 2017.
4. (a) What is inventory valuation? 4
- (b) Why FIFO method is better for inventory management? 4
- (c) From the following information, compute the cost of goods sold and the value of ending inventory under (i) FIFO; 12
- (ii) LIFO; and Weighted Average Cost method.
- 2017, June 1: Beginning inventory of 100 units @ Tk. 10.
- 15: Purchase 200 units @ 11.
- 24: Purchase 300 units @ 12.
- 26: Sale 550 units.
- 30: Purchase 440 units @ Tk. 13.

5. (a) What are the differences between Straight line method of depreciation and Double Declining Balance method of depreciation? 4
- (b) Why depreciation is important to maintain tangible assets? 4
- (c) A company purchased a machine at a cost of Tk. 18,00,000 on January 01, 2017. It has an estimated economic life of 4(four) years with salvage value of Tk. 2,00,000. During its economic life, the machine is expected to be run 160,000 hours and actual running is: 12

<u>Year</u>	<u>Run(hour)</u>
2017	- 40,000
2018	- 60,000
2019	- 35,000
2020	- 25,000

You are required to determine annual depreciation cost and schedule for 4 years under:

- Straight Line Method;
- Machine Hour Rate Method; and
- Double Declining Balance Method.

6. The Trial Balance of XYZ Company Ltd. as on 31 December, 2016 is as follows: 20

Trial Balance		
As on 31 December, 2016		
<u>Particulars</u>	<u>Debit (Tk)</u>	<u>Credit (Tk)</u>
Land & Buildings	58,000	
Plant & Machinery	3,50,000	
Purchase	2,50,000	
Furniture	75,000	
Capital		3,00,000
L.T Investment		20,000
Accounts Payable		85,500
Sales		7,67,000
Other Income		6,000
Provision for Bad Debts		4,000
Salary	35,000	
Other Expenses	10,000	
Inventory:		
Raw Materials Tk. 50,000		
WIP Tk. 20,000		
Finished Goods <u>Tk. 30,000</u>		
	1,00,000	
Advertisement Expenses	10,250	
Carriage Inward	5,000	
Carriage Outward	3,000	
Wages	21,000	
Office Rent	5,000	
Audit Fees	23,000	
Factory Expenses	29,500	
Cash in hand	21,250	
Cash at bank	20,000	
Accounts Receivable	1,31,000	
Preliminary Expenses	35,500	
Total	11,82,500	11,82,500

Adjustments:

- Inventory on hand: Raw Materials Tk. 40,000; WIP Tk. 15,000; and Finished goods Tk. 20,000.
- Transfer to provision for Bad Debts Tk. 2000.
- Provision for Taxes Tk.20,000.
- Proposed Dividend Tk.10,000.
- Depreciation on Plant & Machinery at 5% and Preliminary Expenses Write off at 10%.

Requirement:

Prepare the Income Statement for the year ended 31 December, 2016 and Balance Sheet as on that date.

7. From the following Trail Balance of Al-Salam Islami Bank Ltd.; prepare the Profit and Loss Account and Balance Sheet as on 31 December, 2016 as per BRPD Circular and Islamic Banking Guidelines:

20

Al-Salam Islami Bank Ltd.
Trial Balance
31 December, 2016

<u>Particulars</u>	<u>Debit (Tk)</u>	<u>Credit (Tk)</u>
Paid-up Capital (5,00,000 shares @ Tk. 10 each)		50,00,000
Balance with Bangladesh Bank	88,00,000	
Balance with Other Banks	15,00,000	
Fixed Assets	37,50,000	
Al-Wadeeah Current Deposit Account		2,00,00,000
Mudaraba Savings Deposits Account		5,00,00,000
Mudaraba Term Deposits Account		4,00,00,000
Others Deposits		1,00,00,000
Salaries & Allowances	12,00,000	
General Investment	10,12,80,000	
Bills Purchased	1,50,00,000	
Accounts Receivable	5,00,000	
Bills Payable		3,00,000
Cash in hand	21,50,000	
Dividend Equalization Fund		4,50,000
Profit Paid on Deposits	80,00,000	
MD's Salary	1,12,000	
Income from ADC		10,00,000
Commission, Exchange & Brokerage		7,50,000
Income from Investment		1,26,00,000
Income from OBU		10,00,000
Loss on Brokerage	50,000	
Prepaid Expenses	15,000	
SSC Fees & Expenses	60,000	
Non-Banking Assets	90,000	
Balance of Profit & Loss Account		5,50,000
Accrued Expenses		38,000
Legal Expenses	15,000	
Other Assets	1,50,000	
Director's Fees	25,000	
Other Operating Income		8,00,000
Reserve Fund		13,20,000
CSR Expenses	96,000	
Postage & Telecommunication	5,000	
Printing & Stationery	10,000	
Investment in Securities	10,00,000	
Total	<u>14,38,08,000</u>	<u>14,38,08,000</u>

Additional Information:

- i. Provide provision for investment Tk. 20,000; other provision Tk. 5,000 and taxes Tk. 6,000.
- ii. Proposed Dividend Tk. 10,000.

8. Write Short Notes on any 5(five) of the following:

5x4=20

- a) AAOIFI;
- b) Accounting Cycle;
- c) Statutory Reserve and Zakat Fund;
- d) Accrual vs. Cash Basis Accounting;
- e) Adjusting Entries;
- f) Ethics in Accounting;
- g) Book-Keeping vs. Accounting;
- h) User and Uses of Accounting.

The End

Diploma in Islamic Banking Examination, October-2017

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) Show the relationship between planning and controlling. 7
b) Discuss the basic steps in planning. 8
c) Why does planning fail in Bangladesh? 5
2. a) What is decision-making? Discuss the process of decision-making. 5
b) Is it always possible to make a rational decision? 5
c) Discuss the different types of decision-making errors and biases. 10
3. a) “Leadership transforms potential into reality” - explain. 6
b) Discuss what makes a person leader from Islamic perspective. 7
c) As a manager, which leadership style would you prefer in the context of Bangladesh and why? 7
4. a) Describe social responsibility under Islamic perspective. 5
b) Is it a good idea for managers to increase shareholder’s value ignoring environmental factors? What strategies can managers use to attain financial goals and social responsibility? 10
c) What are the points of differences between internal and external environment? 5
5. a) “Management is nothing more than motivating other people” – comment on the statement. 4
b) Do you think that money is the only motivating tool for employees? Explain some of the non-financial factors of motivation of Islamic Banks. 8
c) Briefly explain the “Need Priority Theory” of motivation designed by Maslow. 8
6. a) Define organizational structure. Identify the basic elements of organizational structure. 6
b) Mention the pros and cons of centralization and decentralization. 10
c) What should be the effective management style for a bank of Bangladesh? Put arguments for your favor. 4
7. a) What are some of the reasons for stress and conflict at workplace? Explain some strategies to combat stress and conflict at workplace. 8
b) Describe in short some of the methods that managers can use in order to train new staffs. 5
c) What is total quality management (TQM)? How can Islamic Bank implement TQM within the organization? 7
8. Write short notes on any 5(five) of the following: 5x4=20
 - a) Change Management;
 - b) Ethical Banking;
 - c) Globalization;
 - d) Error-Management Training;
 - e) e-HRM;
 - f) Green Banking;
 - g) Charismatic Leadership;
 - h) SALAM Model of Conflict Management.

The End

Diploma in Islamic Banking Examination, October-2017

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 terms “communication” and “business communication”. 4
(b) Explain the objectives of business communication. 6
(c) How is communication related with the various functions and roles of management? 10
2. (a) What do you mean by communication strategies? 3
(b) As a Bank Executive what communication strategies would you follow with an eye toward improving the overall quality of communication in your bank? 7
(c) State the situations where upward communication may be necessary. 5
(d) Why is it important for a manager to know about non-verbal communication? 5
3. (a) Explain the stages involved in the process of communication. 7
(b) What are the different types of communication network? Elaborate your answer. 7
(c) How might you make e-mail communication more effective in your banking operations? 6
4. (a) Define circular letter and state its objectives. 4
(b) Write a circular letter instructing the officials of IBBL about Shariah compliance in all banking transactions. 8
(c) Write a letter inviting a guest speaker to deliver a lecture in the Executive Development Program (EDP) of your Bank. 8
5. (a) Draft an advertisement to be published in some daily newspapers for the post of Financial Analyst whose primary responsibilities will be to appraise the projects proposed by the prospective clients of your Bank. 7
(b) What is press release? What are the features of a good press release? 6
(c) Draft a press release covering the news of a “discussion & dowa mahfil” held at IBBL Head Office on the occasion of “National Mourning Day”. 7
6. (a) What type of routine letters do you generally have to write in your banking operations? Explain. 5
(b) Draft a routine letter on any hypothetical routine problem of your branch. 7
(c) Write an explanation to your immediate superior in reply to a memorandum issued to you on unauthorized absence. 8
7. Suppose that you are the Zonal Head of one of the Zones of your Bank. Draft a comprehensive letter as a guide to the Branch Managers under your Zone emphasizing on the Alternative Delivery Channels (ADC) based products of your Bank. 20
8. Write short notes on any 5(five) of the following: 5x4=20
 - a. Video Conference;
 - b. Analytical Report;
 - c. Twitter;
 - d. Bill Board;
 - e. SWIFT;
 - f. EGM;
 - g. References;
 - h. Persuasive Letters.

The End

Diploma in Islamic Banking Examination, October-2017

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) Define Islamic Banking. 3
b) Mention the important differences between Islamic Banking and Conventional Banking. 6
c) Briefly describe the principles of mobilization of deposits by the Islamic Banks. 5
d) What are the differences between Shariah Compliant and Shariah based Banks? 6
2. a) What is relationship management in Banking? 4
b) What are the differences between Retail Banking and Corporate Banking? 6
c) Define Specialized Banking. Describe their role in our economy mentioning some of their names. 5
d) Describe how cost-free deposits are contributing in the overall profitability of a Commercial Bank. 5
3. a) Define Central Bank. Describe main functions of a Central Bank. 5
b) Describe the role of statutory auditors for good governance in the Banking industry. 5
c) What is an off-site supervision? Describe the role of off-site supervision in the activities of a Bank. 5
d) Describe the differences between a Bank and Non-Bank Financial Institutions. 5
4. a) Define endorsement. Briefly describe different types of endorsement. 6
b) In what circumstances, a banker must refuse payment of a cheque? 6
c) What do you mean by “Holder in Due Course” and “Payment in Due Course”? 8
5. a) Differentiate between Mandate and Nominee. 5
b) Define Bill of Exchange. Is cheque a Bill of Exchange? Explain. 5
c) How Deposit Mix can play role in the profitability of Commercial Bank? 5
d) “Compliance is tools of good governance”. Describe. 5
6. a) Define Money Laundering and Terrorist Financing. 4
b) Why CDD and EDD are important now-a-days in Banking Industry? 6
c) Describe the role of Assets Liability Management in Banking operations. 5
d) Why knowledge on Money Market and Capital Market is essential to a Banker? 5
7. a) Describe the different mechanism of investment practiced in Bangladesh by Islamic Banks. 6
b) Describe the methods of Charge Creation against different mode of investments. 6
c) Describe the role of Alternative Delivery Channels (ADC) to attain customer’s satisfaction in modern Banking system. 6
d) Define Par-Passu Charge. 2
8. Write short notes on any 5(five) of the following: 5x4 = 20
 - a) Eligible Securities;
 - b) Virtual Banking;
 - c) Predicate Offence;
 - d) Agent Banking;
 - e) RTGS;
 - f) Call Money Market;
 - g) Stale Bill of Lading;
 - h) Liquidity Traps.

The End

Diploma in Islamic Banking Examination, October-2017

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) How an investment mechanism differs from credit mechanism? Is it only interest? Explain. 5
b) State the factors to determine the sale price under Bai-mode of investment. 7
c) Describe problems & prospects of sharing mode of investment in the context of Bangladesh experience. 8
- 2 a) What do you mean by investment perspective plan? Why it is necessary for a bank's growth? 10
b) How do you match investment perspective plan of your bank to visualize Sustainable Development Goal (SDG)? 10
- 3 a) How capital budgeting tools help an investment analyst to take decision? 6
b) Nayan Fabrics, a client of you is planning to procure a machine of Tk.20.00 lac having an expected period of life 5 years considering salvage value of Tk.2.50 lac. The estimated earnings before depreciation & taxes (EBDT) for the next 5(five) years are:

<u>Year</u>	<u>EBDT (in Taka)</u>
1	3.00 lac
2	3.50 lac
3	4.00 lac
4	3.50 lac
5	3.00 lac

Cost of capital is 10% p.a and Corporate tax is 35%.

Now calculate **i)** Net Profit After Tax, **ii)** Net Cash Flow, and **iii)** Net Present Value.

- 4 a) "Non Performing Loan/Investment has become a big problem of our country". Discuss at least 5 steps to reduce it as per BRPD Circular. 10
b) What are the effects of provisioning? State 5 strategies to keep it at minimum level. 10
- 5 a) Explain with example: 10
i. Primary Security;
ii. Collateral Security;
iii. Financial Security.
b) Discuss restructuring policy for investment rescheduling. How does Shariah deal with it? 10
- 6 a) "CIB tool can't be the only factor to choose a good client". Do you agree with the statement? Give clarification in your favour. 8
b) How a good balance can be made in between cost of fund and reasonable rate of return in investment? 6
c) Discuss the role of ALCO for good Asset Management. 6
- 7 a) Discuss the policy guidelines of your bank in respect of security while sanctioning an investment proposal. 10
b) Explain the security disposal (phase wise) as per Artho Rin Adalot Ain 2003. 10
- 8 Write short notes on **any 5(five)** of the following: 5x4=20
i. CIPPS;
ii. IRG & IRR;
iii. SME & SMA;
iv. 2nd Charge & Pari-Passu Charge;
v. Written Off Investment;
vi. Eligible Security;
vii. SRP;
viii. Single Party Exposure.

The End

Diploma in Islamic Banking Examination, October-2017

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) Explain the advantages of Comparative Cost Advantage Theory over Absolute Cost Advantage Theory of international trade. 6
- b) Distinguish between partial convertibility and full convertibility of currency. What is the overall status of currency convertibility at this moment in Bangladesh? 6
- c) "Balance of Trade seldom balances but Balance of Payment always balances"- Explain the statement. 8
2. a) Narrate the superiority of Documentary Credit as a method of international trade payment over other methods of payments. 5
- b) Discuss the rights and obligations of the following banks under methods of international trade payment mentioned in the brackets: (3x5) 15
 - i. Remitting Bank (Documentary Collection)
 - ii. Nominating Bank (Documentary Credit)
 - iii. Confirming Bank (Documentary Credit)
 - iv. Collecting Bank (Documentary Collection)
 - v. Importer's Bank (Open Account)
3. a) Define Wakalah and Kifalah. How can these modes be applied to international trade transactions? 10
- b) Discuss the features of "Bai Salam" and narrate the procedures of disbursing Bai-Salam as a post-shipment financing tool of Islamic Banks. 10
4. a) What is Off-Shore Banking? How come it is different from other types of international banking? 6
- b) Name the constituents of World Bank Group along with their broad objectives. 6
- c) What is UPAS? Explain the procedure of settlement of import bills under UPAS as practiced by the banks in Bangladesh. 8
5. Explain the following issues in the light of GFET and subsequent FE Circulars: (4x5) 20
 - a) Certification of EXP Forms;
 - b) Issuance of LCAF;
 - c) Exporters Retention Quota (ERQ) A/C;
 - d) ACU Payment Mechanism;
 - e) Advance Payment against Import.
6. Distinguish between the following pairs of concepts: (4x5) 20
 - a) Nostro A/C Vs. Vostro A/C;
 - b) Bill of Lading Vs. Bill of Entry;
 - c) Cash L/C Vs. Back -to- Back L/C;
 - d) Short Position Vs. Long Position;
 - e) Deferred Payment Vs. Acceptance.
7. a) State the advantages and disadvantages of Fixed and Floating Exchange Rate systems. 7
- b) What is Cross Rate? How do you calculate Cross Rate? 5
- c) Calculate the exchange rate for purchasing an export bill under 180 days usance basis as per following assumptions: 8
 - i) Rates : EURO/USD : 1.2920 – 1.2930 (Paris)
USD/BDT : 81.1010 – 81.2020 (Dhaka)
 - ii) Bank's Profit Rate : @ 7% p.a.
 - iii) Bank's Charge/Fee per Euro : BTD 0.20
8. Write Short Notes: 4x5=20
 - a) Terms of Trade;
 - b) Intervention Currency;
 - c) Financial Engineering;
 - d) Standby Credit;
 - e) BREXIT.

The End

Diploma in Islamic Banking Examination, October-2017

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 'Ethical Banking'? 5
b) Do you find any difference between 'Ethical Banking' and 'Shariah Banking'? 5
c) What is 'Good Governance'? What are the main characteristics of good governance? 10
2. a) What do you mean by 'Banking'? 5
b) What are the 'Codes of Conduct' for the Bank employees? 5
c) Describe the main business of a Bank. 10
3. a) What do you mean by 'Negotiable Instruments'? 5
b) Distinguish between 'Bill of Exchange' and 'Promissory Note'. 5
c) Define 'Holder in Due Course'. Describe 'Rights and Privileges' of a 'Holder in Due Course' 10
4. a) Who is a 'Customer' under 'Negotiable Instrument Act 1881'? 5
b) A businessman wants to know about opening a bank account. What kind of account will you suggest to open? Explain why? 10
c) What do you mean by 'Good Faith' and 'Without Negligible'? 5
5. a) 'Contract is an agreement enforceable by law' - explain with elements of contract. 10
b) What do you mean by 'Free Consent'? 5
c) Who are not competent to enter a contract? 5
6. a) What is collateral security? Why collateral security is required in bank financing? 10
b) Distinguish between 'Fixed Charge' and 'Floating Charge'. How the 'Fixed and Floating Charge' can secure the investment? 10
7. a) What is the procedure for filing a suit under Arthorin Adalat Ain 2003? 10
b) Define with example - Mortgage, Hypothecation, Pledge, and Lien. 10
8. Write short notes on any 5(five) of the following: 4x5=20
 - a) Green Banking;
 - b) Cost of Fund;
 - c) Eligible Security;
 - d) PEPs;
 - e) FATCA;
 - f) CRR & SLR;
 - g) ADC Products;
 - h) Good Root of Title.

The End

Diploma in Islamic Banking Examination, October-2017

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 indicate full marks. Answer of questions must bear workings, notes, and formula where necessary.)

Section-I

(Management Accounting)

1. a) Define Management Accounting. 5
b) Identify the major differences and similarities between financial and management accounting. 7
c) Discuss the utility of management accounting in performing daily operational activities of a bank in a most efficient and effective manner. 8
2. a) Explain the concept of “Break Even Analysis” with its limitations. 5
b) Two competing banks Safa Bank Ltd. and Marwa Bank Ltd., sell the same type of product in the same type of market. For the forthcoming year, their budgeted net income is determined as under:

<u>Particulars</u>	<u>Safa Bank Ltd.</u>	<u>Marwa Bank Ltd.</u>
Service Revenue	Tk. 6,00,000	Tk. 6,00,000
<u>Less Operating Cost:</u>		
Fixed	60,000	1,40,000
Variable	<u>4,80,000</u>	<u>4,00,000</u>
	<u>5,40,000</u>	<u>5,40,000</u>
Profit	<u>Tk. 60,000</u>	<u>Tk. 60,000</u>

Requirements:

- i. Calculate the break-even point, and margin of safety of each bank. 5
ii. Calculate the volume of service revenue at which each of the two banks will make a profit of Tk.25,000. 5
iii. State which bank will earn greater profits in condition of:
 - Declining trends of customer preference on bank services.
 - Increasing trends customer preference on bank services. Give your reasons.
3. a) Distinguish between Vertical analysis and Horizontal analysis of Financial Statements. 5
b) Financial statements of Genuine Foods Ltd. over the last three years are given below. It sells food items on terms 2/10, net30.

M/s. Genuine Foods Ltd.

Income Statements for the year ended 31 December, 2014-2016

(Amount in ‘000’Tk.)

Particulars	2014	2015	2016
Sales Revenue	4,000	4,300	3,800
Less: Cost of Goods Sold	3,200	3,600	3,300
Gross Profits	800	700	500
Less: Operating Expenses	320	250	200
Operating Profits	480	450	300
Less: Financial Expenses	60	121	86
Net Profits Before Taxes	420	329	214
Less: Taxes	120	129	114
Net Profits After Taxes	<u>300</u>	<u>200</u>	<u>100</u>

M/s. Genuine Foods Ltd.
Balance Sheet as on 31 December, 2014-2016

(Amount in '000'Tk.)

Assets	2014	2015	2016
Cash	30	20	5
Marketable Securities	50	60	50
Accounts Receivable	200	260	290
Inventories	400	480	600
Net Fixed Assets	750	740	750
Total Assets	<u>1430</u>	<u>1560</u>	<u>1695</u>
Liabilities and Stockholders' Equity:			
Accounts Payable	230	300	380
Notes Payable	200	210	225
Bank Loan-Short-term	100	100	140
Long-term Debt	300	300	300
Common Stock	100	100	100
Retained Earnings	500	530	550
Total Liabilities and Stockholders' Equity	<u>1430</u>	<u>1560</u>	<u>1695</u>

Evaluate the financial performance over the last 3 years of the company as regards to its liquidity, assets utilization, long-term solvency and profitability in particulars. 15

4. a) 'A fund flow statement is better substitute for an income statement'-Discuss. 5
- b) M/s. Modest Garments Ltd. had the following financial statements for 2015 and 2016:

M/s. Modest Garments Ltd.
Balance Sheet at 31 December, 2015 and 2016
(Amount in '000' Tk.)

Assets	2015	2016
Cash	140	31
Accounts Receivable	346	528
Inventories	432	683
Total Current Assets	918	1,242
Net Fixed Assets	1,113	1,398
Total Assets	<u>2,031</u>	<u>2,640</u>
Liabilities and Stockholders' Equity:		
Accounts Payable	413	627
Accruals	226	314
Bank Borrowings	100	235
Total Current Liabilities	739	1,176
Share Capital	100	100
Retained Earnings	1,192	1,364
Total Liabilities and Stockholders' Equity	<u>2,031</u>	<u>2,640</u>

Additional information:

- Depreciation was Tk. 1,89,000 for 2016.
- No dividend was paid.

Requirements:

- i. Prepare a Fund Flow Statement and a Cash Flow Statements for the year 2016. 10
- ii. Evaluate your findings. 5

Section-II
(Financial Management)

5. a) Define annuity. How would you determine the future value of an annuity? 5
- b) Mr. Jamil Sarkar planned to purchase a house costing Tk.1,50,00,000. For this purpose, he made a down payment of Tk.30,00,000 and took a financial facilities for the rest of the amount of the purchase price of the house under the HPSM method. Under this method, the entire amount is to be paid in five years by way of making payment of equal installments amount at the end of each quarter starting from enjoying facilities. Each installment consists of principal and a rate of return of 12% per annum compounded quarterly. Calculate the size of installment amount to be paid for each quarter. 10
- c) What is meant by time value of money? Is this concept contradicted with Islamic ideology? Explain. 5

6. a) What is understood by the term weighted marginal cost of capital (WMCC)? Can the weighted average cost of capital (WACC) ever exceed the weighted marginal cost of capital (WMCC) of a firm? Explain. 5
- b) The details of optimal capital structure of a firm are appended below:

<u>Source of Capital</u>	<u>Book Value</u>
10% Long-term debt	Tk. 3,00,000
15% Preferred stock	Tk. 2,00,000
Common stock equity	<u>Tk. 5,00,000</u>
Total	<u>Tk. 10,00,000</u>

Currently the firm's common stock is selling at Tk.80 per share. It expects to pay cash dividends of Tk.6 per share in the next year. The firm's dividends have been growing at an annual rate of 5%, and this rate is expected to continue in the future. The company can sell preferred stock at its Tk.95 per share par value. The firm is in the 40% tax bracket.

Requirement: Calculate the weighted average cost of capital of the firm. 15

7. a) Distinguish between Average Rate of Return (ARR) and Internal Rate of Return (IRR) as a technique of capital investment decisions. 5
- b) Give accept-reject decision of a project from the following information: 15
- The project cost will be Tk.80, 000 with cash flows before tax of Tk.45,000, Tk.35,000, Tk.30,000, Tk.25,000 and Tk.15,000 respectively for 5 years. After expiry of the life, the project would have a salvage value of Tk.5,000. The company follows a straight-line method of depreciation and is in 35 percent tax bracket. The required rate of return of the company is 10 percent. The decision should be taken on the basis of Internal Rate of Return (IRR) method.

8. Write short notes on any 5(five) of the following: (5x4)=20
- a. Revolving Credit;
 - b. Cost of Common Equity;
 - c. Conservative Working Capital Policy;
 - d. Hybrid Security;
 - e. Goal of Wealth Maximization;
 - f. Stable Dividend Policy;
 - g. Lease Financing.

The End

Diploma in Islamic Banking Examination, October-2017

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 functions of Central Processing Unit (CPU) and Is Memory (RAM) a Computer System? Why RAM is volatile? 4+2+2
b) What is Operating System? Define BIOS and CMOS. Give two examples of OS. 3+4+1
c) What are the differences between System Software and Application Software? Give example of each. 3+1
2. a) Define Computer Network & Networking. Why Networking is needed for Enterprise? Write the difference(s) between Router, Switch and Hub. 4+2+2
b) Discuss why DRS is used for BCP? 6
c) What do you mean by ICT Audit? Why ICT Audit is essential for the Bank? 2+4
3. a) Define Flat File Database & Relational Database. What are the differences between Flat File Database & Relational Database? Why DRMS is used for? 4+4+2
b) What is the meaning of Financial Inclusion? What are the tools of Financial Inclusions? 2+2
c) Define how Agent Banking and Mobile Banking are playing vital roles for financial inclusion to reduce poverty? 6
4. a) What is SWIFT? How SWIFT Network Payment and Settlement happen? 8
b) What are the transactions types handle by SWIFT? 4
c) Distinguish among BACH, BEFTN and RTGS. 8
5. a) Write down the ICT change management process as per guidelines outlined by your Bank. 8
b) Describe the incident management and problem management as per policy guidelines of your Bank? 8
c) Define ICT Security and Risk. 2+2
6. a) What do you mean by Debit Card and Credit Card? What are the differences between Magnetic Strip & Chip based Cards? 5
b) What is the Skimming of ATM Card? How it is happened and how it is protected? 5+5
c) Define 2 FA Systems. 5
7. a) What do you mean by Routing Number using in the MICR instrument? Describe the specification of Routing Number. 5+5
b) Define OCE, ORE, ICE, and IRE with respect to BACPS. 6
c) What is the difference between High Value and Regular Value Clearing? 4
8. Write short notes on any 5(five) of the following: 5x4=20
 - a) NPSB;
 - b) AML Screening;
 - c) SMS Banking;
 - d) e-Commerce;
 - e) URL;
 - f) MICR;
 - g) Anti-Virus;
 - h) Ransomware.

The End

Diploma in Islamic Banking Examination, October-2017

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. Discuss historical development of micro credit and micro finance in Bangladesh. In this context, discuss the basic features of RDS of IBBL. 20
2. How is traditional interest based micro finance differ from Islamic micro finance? How can traditional micro fiancé program be converted into Shariah based micro finance program? 20
3. Explain the interest rate structure of micro credit offered by MFIs in Bangladesh. Recently the rate has been reduced to 23 percent to be charged on declining balance method. Is this rate exploitative? Explain. 20
4. What role does MRA play? Explain the key features of legal and regulatory framework for sound development of MFIs in Bangladesh. 20
5. a) Define financial inclusion. Why policymakers are stressing upon financial inclusion? 10
b) What roles do the MFIs play in enhancing intensity of financial inclusion in Bangladesh? 10
6. Micro finance services have been in place in Bangladesh for almost four decades. Yet the government of Bangladesh has been continuously increasing allocation for social safety net programs. Why? In this context, discuss how social safety net programs contribute to poverty reduction in Bangladesh? 20
7. Establish linkage between formal, semi-formal and informal credit market. Despite wide network of banks and MFIs, why does informal credit market exist? 20
8. Write short notes on any 5(five) of the following: 5x4=20
 - a. PKSF;
 - b. Credit Guarantee Scheme;
 - c. Graduation of Clients;
 - d. Sustainable Development;
 - e. Leverage and Capital Adequacy;
 - f. BKB and RAKUB;
 - g. Hardcore Poor and Poverty Alleviation;
 - h. Risk Management in Islamic Micro-finance.

The End