FINAL EXAM
FIRST SEMESTER SESSION 2012/2013

COURSE CODE/NAME : BWFS2023 ISLAMIC FINANCIAL MANAGEMENT
DATE : 1 JANUARY 2013 (TUESDAY)
TIME : 9.00 – 11.30 AM (2 ½ HOURS)
VENUE : KTB, KIA, DPC 2, DPC 3 AND DPC 4

INSTRUCTION :

1. This questions booklet contains FIVE (5) structure questions in FOUR (4) printed pages excluding the cover page.
2. Answer ALL questions in the answer booklet provided.

MATRIC NO : ___________________________ (in word)

IDENTIFICATION CARD NO. :

LECTURER : ___________________________

GROUP : ______ TABLE NO. : ______

DO NOT OPEN THIS EXAMINATION PAPER UNTIL INSTRUCTED

CONFIDENTIAL
QUESTION ONE (25 MARKS)

1. Explain the concept of Surplus Spending Unit and Deficit Spending Unit. (5 marks)

2. Financial intermediaries play a number of special roles, and help solve a number of special problems, in the process of indirect finance. Explain TWO (2) roles of financial intermediaries. (5 marks)

3. Explain TWO (2) differences between Mudharabah and Musyarakah. (5 marks)

4. Explain THREE (3) basic prohibitions in Islamic finance with example. (6 marks)

5. Briefly explain FOUR (4) functions of money. (4 marks)
QUESTION TWO (20 MARKS)

1. Explain TWO (2) concepts that have been used in the *takaful* industry.  
   (5 marks)

2. The money market is a place whereby medium and short-term instruments are being traded exclusive from the capital market, which dealt with long-term investment. An increase in the number of money market instruments in the Islamic money market increases Islamic bank’s exposure to wide range of risks.
   
   i. Explain TWO (2) functions of Money Market.  
      (4 marks)

   ii. Explain THREE (3) characteristics of money market instruments  
       (6 marks)

   iii. Explain TWO (2) types of Islamic Accepted Bills (IAB).  
        (5 marks)
QUESTION THREE (15 MARKS)

1. Explain TWO (2) differences between preferred stock and common stock. (5 marks)

2. List FIVE (5) Shariah qualitative screening for listed securities. (5 marks)

3. Explain TWO (2) differences between conventional Real Estate Investment Trust (REIT) and Islamic REIT. (5 marks)

QUESTION FOUR (25 MARKS)

1. Explain the terminologies below:
   i. *Wa‘ad*
   ii. *Ji‘alah*
   iii. *Sukuk* (6 marks)

2. Explain THREE (3) types of *Sukuk* structure (6 marks)

3. Explain the rating of *Sukuk* based on *The Islamic Securities Guidelines 2004*. (4 marks)

4. Explain the Shariah requirement for the THREE (3) stages of *Sukuk* transaction (9 marks)
QUESTION FIVE (15 MARKS)

1. Explain **TWO (2)** of the financial regulations related to Islamic finance and banking industry.  
   (5 marks)

2. Explain **TWO (2)** functions of Shariah Committee in Islamic finance and banking industry.  
   (5 marks)

3. Explain **TWO (2)** issues in *Murabahah* contract.  
   (5 marks)

END OF QUESTIONS