

Sample Paper

AWARD IN ISLAMIC FINANCE AND BANKING

Level 4

Subject code: ASE20086 SAMPLE

Time allowed: **2 hours**

INSTRUCTIONS FOR CANDIDATES

- Answer **ALL 4** questions.
- All questions carry equal marks.
- Write your answers in blue or black ink/ballpoint. You can only use pencil for graphs, charts, diagrams, etc.
- Begin your answer to each question on a new page.
- All answers must be correctly numbered but need not be in numerical order.
- Workings must be shown.
- You may use a calculator provided the calculator gives no printout, has no word display facilities, is silent and cordless. The provision of batteries and their condition is your responsibility.
- Marks may be lost through lack of neatness and poor presentation.
- You may use an English or bilingual dictionary, thesaurus, spell check and calendar.

Note: This sample paper contains two questions

QUESTION 1

- (a) Define and list the primary and secondary sources of Sharia. (6 marks)
- (b) Describe **two main** functions of Shariah Boards of Financial Institutions and give **three** examples of the tasks they carry out. (8 marks)
- (c) Using **three** examples, distinguish between Islamic banking and conventional banking. (6 marks)

(Total 20 marks)

QUESTION 2

- (a) (i) Define investment sukuk
(ii) Explain the key features of an investment sukuk. (6 marks)
- (b) A company is looking for finance for a long-term infrastructure project.
(i) What sort of sukuk would the company issue?
(ii) Using a diagram, illustrate the process of securitization for this type of sukuk. (8 marks)
- (c) Explain, from a Sharia point of view, why some types of sukuk are permissible to be traded in the secondary market, whilst others are not, providing examples to demonstrate your answer. (6 marks)

(Total 20 marks)