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MODEL QUESTION – SET 1

(Prepared for JAIBB Examination Practice by ibbprep.com)

JAIBB

Basic Accounting (BA)

Subject Code : 1 0 2

Time—3 hours

Full marks—100

Pass marks—45

[N.B. The figures in the right margin indicate full marks. Answer the questions as mentioned in different parts.]

Part A—Broad Questions

*(Answer any **two** out of four questions)*

Marks—20×2 = 40

1. (a) "All transactions are events but all events are not transactions" — Explain with example. **5**

(b) Mr. Farid opened "Farid Electronics" on March 1, 2025. The following transactions occurred during March:

- March 01: Farid invested Tk. 30,000 cash in the business.
- March 03: Paid Tk. 1,500 cash for shop rent of March.
- March 09: Purchased display shelves for Tk. 22,000, paying cash Tk. 12,000 and on account Tk. 10,000.
- March 14: Paid Tk. 2,000 as insurance in advance.
- March 18: Received a bill from Dhaka Times for advertising expenses Tk. 350.
- March 24: Farid withdrew Tk. 1,000 cash for personal use.
- March 30: Cash received from sales Tk. 8,400.

Required:

(i) Prepare Journal Entries for the transactions. **7**

(ii) Prepare necessary ledger accounts. **8**

Or,

2. (a) "Depreciation is a process of cost allocation, not valuation" — Explain. **5**

(b) Nova Company purchased a delivery van on 1st August, 2024 at a cost of Tk. 1,60,000. The company estimated a salvage value of Tk. 10,000. The van is expected to be used for 9,000 working hours over its 5-year life; actual usage in the first year was 1,600 hours.

Required — Compute the depreciation expense under:

(i) Straight line method for the year 2024-25. **5**

(ii) Units of activity method for the same period. **5**

(iii) Declining balance method using double the straight-line rate. **5**

Or,

3. (a) What are the objectives of preparing a bank reconciliation statement? **5**

(b) Momtaz Traders' bank statement for April 2025 shows the following:

- Bank balance at 01-04-2025: Tk. 18,400
- Bank balance at 30-04-2025: Tk. 21,150
- Cash book balance at 30-04-2025: Tk. 20,050

Review of the data reveals: (i) A non-sufficient cheque of Tk. 220 from customer 'K'. (ii) Bank collected a note receivable of Tk. 525 (Tk. 500, 6-month, 10% note), charging a Tk. 15 collection fee; no interest has been accrued. (iii) Outstanding cheques at April 30 total Tk. 2,780. (iv) Deposits in transit at April 30 total Tk. 1,940. (v) A company cheque for Tk. 410, dated April 12, cleared the bank on April 27, was a payment on account for Tk. 380.

Instructions: Prepare a bank reconciliation statement at April 30, 2025. **15**

Or,

4. (a) What is a worksheet? Is it a mandatory step of the accounting cycle? Explain briefly. **5**

(b) What is called the "language of business"? Why is it called so? **5**

(c) Define Business Entity Assumption and Going Concern Assumption with examples. **10**

Part B—Mathematical Problem

*(Answer any **one** question)*

Marks—10×1 = 10

5. Show the effect of the following transactions of Karim Enterprise in an accounting equation, creating a tabular summary:

- (i) Investment of owner Tk. 28,000 cash and Tk. 12,000 equipment.
- (ii) Purchase of furniture from Delta Furnitures Tk. 15,000 on credit.
- (iii) Paid rent for the month Tk. 1,200.
- (iv) Purchase of supplies Tk. 1,000 in cash.
- (v) Cash received from service provided Tk. 3,500.
- (vi) Services provided on credit Tk. 600.
- (vii) Received a Tk. 350 cheque for services previously rendered on account.
- (viii) Cash withdrawal by owner Tk. 5,000.
- (ix) Payment made to Delta Furnitures Tk. 9,000.
- (x) Depreciation of equipment Tk. 1,800.

10

Or,

6. Mr. Anis opened a legal consultancy on May 1, 2025. During the first month, the following occurred:

- (i) Consultancy services performed totaling Tk. 21,000 have not yet been recorded.
- (ii) Utility expenses incurred but not paid prior to June 5, totaling Tk. 2,800.
- (iii) Purchased office equipment on May 1 for Tk. 5,00,000, paying Tk. 1,20,000 cash and signing a Tk. 3,80,000, 3-year note payable at 12% yearly interest. Equipment is depreciated @ 10% per annum. Both note interest and depreciation are charged monthly.
- (iv) Purchased a one-year insurance policy on May 1 for Tk. 30,000.
- (v) Purchased Tk. 18,000 of office supplies; on May 31, Tk. 6,200 remained on hand.

Required: Prepare the adjusting entries on May 31, 2025.

10

Part C—Problem Solving

*(Answer any **one** question)*

Marks—20×1 = 20

7. Comparative balance sheets of Provati Corporation as of December 31 are given below:

Particulars	2025 (Tk.)	2024 (Tk.)

Cash	29,600	19,200
Accounts receivable	24,300	27,800
Inventory	62,400	55,000
Prepaid expenses	6,100	8,300
Land	42,000	55,000
Buildings	90,000	90,000
Accumulated depreciation—Building	(24,000)	(16,000)
Equipment	88,500	62,000
Accumulated depreciation—Equipment	(18,000)	(14,000)
Total	**3,00,900**	**2,87,300**
Accounts payable	19,050	16,800
Bonds payable	1,04,000	1,20,000
Common stock	1,00,000	80,000
Retained earnings	77,850	70,500
Total	**3,00,900**	**2,87,300**

Additional information:

1. Operating expenses included depreciation expense of Tk. 12,000 and prepaid expense charges of Tk. 2,200.
2. Land was sold for cash at book value.
3. Cash dividend of Tk. 16,000 was paid.
4. Net income for 2025 was Tk. 23,350.
5. Equipment was purchased for Tk. 30,000 cash; equipment costing Tk. 3,500 with a book value of Tk. 1,000 was sold for Tk. 1,400 cash.
6. Bonds of Tk. 16,000 were converted at face value into common stock.

(i) Prepare a statement of cash flows using the indirect method. **15**

(ii) Compute free cash flow. **5**

Or,

8. The trial balance of Alamin Traders is given below:

Account	Debit (Tk.)	Credit (Tk.)
Cash	14,600	
Accounts receivable	10,800	
Merchandise inventory	31,200	
Store supplies	1,850	

Prepaid insurance	1,600	
Store equipment	38,500	
Accumulated depreciation—Store equipment		13,700
Accounts payable		21,900
Capital — Alamin		49,350
Drawings — Alamin	11,000	
Sales		98,600
Sales returns and allowances	960	
Purchases	61,700	
Purchase returns and allowances		17,900
Purchase discount		1,260
Sales salaries expense	20,900	
Freight in	2,150	
Rent expense	3,400	
Other selling expenses	2,490	
Utilities expense	1,560	
Total	**2,02,710**	**2,02,710**

Additional Information:

(i) Ending merchandise inventory Tk. 33,400.

(ii) Ending store supplies inventory Tk. 350.

(iii) Unexpired insurance Tk. 280.

(iv) Depreciation on store equipment Tk. 4,100.

(v) Accrued sales salaries payable Tk. 100.

(vi) Accrued utilities expense Tk. 160.

(vii) Sales of Tk. 700 were omitted from the books.

Required:

(i) Income statement. **8**

(ii) Owner's Equity Statement. **4**

(iii) Balance Sheet as of 30 April, 2025. **8**

Part D—Understanding Terminology

*(Compare and contrast any **five** of the following)*

Marks—2×5 = 10

(a) Cash basis vs. Accrual basis of accounting	2
(b) Depreciation vs. Amortization	2
(c) Journal vs. Ledger	2
(d) Current Ratio vs. Quick (Acid Test) Ratio	2
(e) Gross Profit vs. Net Profit	2
(f) Tangible vs. Intangible Assets	2
(g) Perpetual vs. Periodic Inventory System	2
(h) Stakeholders vs. Stockholders	2

Part E—Short Questions

*(Answer any **five** of the following)*

Marks—4×5 = 20

(a) What is fair value?	4
(b) Define materiality in accounting.	4
(c) Define the double entry system.	4
(d) What is an unqualified audit opinion?	4
(e) What do you mean by historical cost?	4
(f) Define IFRS.	4
(g) What is book value?	4
(h) Define unearned revenue.	4

— End of Question Paper —

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