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MODEL QUESTION – SET 2

(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) Write down the 'Golden Rules' of Debit and Credit for different types of accounts. **5**

(b) Indicate whether each of the following accounts is an asset, a liability, or an owner's equity account, and whether it normally has a debit or credit balance:

- (i) Notes receivable (ii) Notes payable
- (iii) Accrued expenses (iv) Unearned revenue
- (v) Owner's capital

5

(c) Why does free cash flow often provide better information than net cash provided by operating activities? **5**

(d) "Debit balances are always favorable and credit balances are always unfavorable." Is this correct? Explain. **5**

Or,

2. (a) How does accounting assist management in planning and control? **5**

(b) How do technology and automation impact modern accounting practices? **5**

(c) A machine was purchased for Tk. 90,000. Expenses incurred on its carriage and installation were Tk. 15,000. Calculate the depreciation amount @ 15% p.a. under the straight-line method for the first year ending 31 March 2025, if the machine was purchased on:

- (i) 1st April, 2024
- (ii) 1st June, 2024
- (iii) 1st November, 2024
- (iv) 1st February, 2025

10

Or,

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

(b) The unadjusted trial balance of Diganta Company is given below:

Account title	**Debit (Tk.)**	**Credit (Tk.)**
Cash	38,200	
Accounts receivable	15,500	
Prepaid insurance	600	
10% investment	8,000	
Delivery equipment	1,40,000	
Advertising expenses	6,500	
Capital		75,000
Service revenue		1,33,800
Total	**2,08,800**	**2,08,800**

Additional information for adjusting entries:
(i) Expired insurance during the year was Tk. 200.
(ii) Interest on investment (invested on October 1) is collected annually each September 30.
(iii) Depreciation on delivery equipment for the year was Tk. 9,000.

Required: Prepare a worksheet. **15**

Or,

4. (a) What is the accounting cycle? What are its mandatory and optional steps? **5**

(b) What is the basic accounting equation? Define its components. **5**

(c) Define Monetary Unit Assumption and Periodicity (Time Period) Assumption with examples. **10**

Part B—Mathematical Problem

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

Marks—10×1 = 10

5. Sonar Bangla Company provides the following financial information for the year 2025:

Sales	Tk. 1,50,000
Cost of goods sold	Tk. 90,000
Net income	Tk. 15,000
Total assets	Tk. 3,00,000
Total liabilities	Tk. 1,20,000
Shareholder's equity	Tk. 1,80,000
Interest expense	Tk. 3,000
Income tax expense	Tk. 1,500
Dividend paid	Tk. 6,000

Calculate the following ratios: (i) Gross Profit Margin (ii) Return on Assets (iii) Return on Equity (iv) Debt to Equity Ratio (v) Interest Coverage Ratio

10

Or,

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

- (i) Investment of owner Tk. 40,000 cash and Tk. 20,000 equipment.
- (ii) Purchase of computer from Digital Mart Tk. 25,000 on credit.
- (iii) Paid rent for the month Tk. 2,000.
- (iv) Purchase of supplies Tk. 1,500 in cash.
- (v) Cash received from service provided Tk. 5,500.
- (vi) Services provided on credit Tk. 900.
- (vii) Received a Tk. 500 cheque for services previously rendered on account.
- (viii) Cash withdrawal by owner Tk. 4,000.
- (ix) Payment made to Digital Mart Tk. 12,000.
- (x) Depreciation of equipment Tk. 2,500.

10

Part C—Problem Solving

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

Marks—20×1 = 20

7. (a) Why free cash flow often provides better information than net cash provided by operating activities? **5**

(b) Shopno Corporation's comparative balance sheets are presented below:

Particulars	**2025 (Tk.)**	**2024 (Tk.)**
Cash	31,900	20,700
Accounts receivable	27,100	25,900
Investments	26,000	18,000
Equipment	68,000	79,000
Accumulated depreciation—Equipment	(16,500)	(11,800)
Total	**1,36,500**	**1,31,800**
Accounts payable	22,300	12,600
Bonds payable	11,000	34,000
Common stock	68,000	51,000
Retained earnings	35,200	34,200
Total	**1,36,500**	**1,31,800**

Additional information:
(i) Net income was Tk. 31,800. Dividends declared and paid were Tk. 30,800.
(ii) Equipment costing Tk. 11,000 with accumulated depreciation of Tk. 1,300 was sold for Tk. 5,000.
(iii) All other changes in non-current account balances had a direct effect on cash flows except the change in accumulated depreciation.

Instruction: Prepare a statement of cash flows for 2025 using the indirect method. **15**

Or,

8. The trial balance of Meghna Pvt. Ltd. shown below does not balance:

Account	**Debit (Tk.)**	**Credit (Tk.)**
Cash	36,400	
Accounts receivable	24,000	
Supplies	13,500	
Equipment	20,400	
Accounts payable		39,000
Unearned service revenue		12,500

Owner's capital		86,000
Owner's drawings	2,500	
Service revenue		7,950
Salaries and wages	33,500	
Utilities expenses	8,900	
Total	**1,39,200**	**1,45,450**

An examination of the ledger and journal reveals the following errors:

(i) Cash received from a customer in payment of its account was debited for Tk. 6,200 and accounts receivable was credited for the same amount.

(ii) The purchase of a printer on account for Tk. 7,600 was recorded as a debit to supplier for Tk. 7,600 and a credit to accounts payable for Tk. 7,600.

(iii) Services performed on account for a client for Tk. 10,500 were recorded as a debit to accounts receivable for Tk. 10,500 and a credit to service revenue for Tk. 1,050.

(iv) A debit posting to salaries and wages of Tk. 7,500 was omitted.

(v) A payment of a balance due for Tk. 3,200 was debited to cash for Tk. 3,200 and credited to accounts payable for Tk. 3,800.

(vi) The cash withdrawal of Tk. 6,500 by owner was debited to salaries and wages for Tk. 6,500 and credited to cash for Tk. 6,500.

Instruction: Prepare a correct Trial Balance. **20**

Part D—Understanding Terminology

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

Marks—2×5 = 10

(a) Assets vs. Liabilities	2
(b) Revenues vs. Expenses	2
(c) Cash Transaction vs. Non-cash Transaction	2
(d) Current Assets vs. Fixed Assets	2
(e) Debit vs. Credit	2
(f) Single Entry vs. Double Entry System	2
(g) Closing Entry vs. Reversing Entry	2
(h) Horizontal Analysis vs. Vertical Analysis	2

Part E—Short Questions

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

Marks—4×5 = 20

(a) What is Book Value?	4
(b) Define GAAP.	4
(c) What is accrual basis of accounting?	4
(d) Define Intangible Asset.	4
(e) What are the characteristics of an asset?	4
(f) What is EBITA?	4
(g) Define Full Disclosure Convention.	4
(h) What is the Accounting Cycle?	4

— End of Question Paper —

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