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MODEL QUESTION – SET 3

(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) Ms. Ruma opened "Ruma Boutique House" on August 1, 2025. During August the following transactions occurred:

- August 01: Ruma invested Tk. 26,000 cash in the business.
- August 04: Paid Tk. 1,400 cash for shop rent of August.
- August 11: Purchased fixtures for Tk. 19,000, paying cash Tk. 9,000 and on account Tk. 10,000.
- August 15: Paid Tk. 1,600 as insurance in advance.
- August 19: Received a bill from Prothom Alo for advertising expenses Tk. 300.
- August 23: Ruma withdrew Tk. 850 cash for personal use.
- August 31: Cash received from sales of dresses Tk. 7,200.

Required:

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

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

Or,

2. (a) "Depreciation is the method of cost allocation" — Explain. **5**

(b) Ananta Company purchased a new machine on 1st September, 2024 at a cost of Tk. 2,20,000. The company estimated a salvage value of Tk. 20,000. The machine is expected to be used for 15,000 working hours over its 8-year life; actual usage in the first year was 2,300 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) Why does free cash flow often provide better information than net cash provided by operating activities? **5**

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

Particulars	**2025 (Tk.)**	**2024 (Tk.)**
Cash	33,100	22,500
Accounts receivable	28,900	26,700
Investments	27,600	19,200
Equipment	72,000	84,000
Accumulated depreciation—Equipment	(16,800)	(12,000)
Total	**1,44,800**	**1,40,400**
Accounts payable	23,500	13,300
Bonds payable	12,000	36,000
Common stock	72,000	54,000
Retained earnings	37,300	37,100
Total	**1,44,800**	**1,40,400**

Additional information:

(i) Net income was Tk. 34,000. Dividends declared and paid were Tk. 33,800.

(ii) Equipment costing Tk. 12,000 with accumulated depreciation of Tk. 1,400 was sold for Tk. 5,600.

(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,

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

(b) Doyel Company's bank statement for October 2025 shows the following data:

- Bank balance at 01-10-2025: Tk. 15,900
- Bank balance at 31-10-2025: Tk. 17,650
- Cash book balance at 31-10-2025: Tk. 16,455

Review reveals: (i) A non-sufficient cheque Tk. 195 from customer 'D'. (ii) Collection of note receivable Tk. 618, the note collected by the bank was a Tk. 600, 3-month, 12% note; the bank charged a Tk. 18 collection fee, no interest has been accrued. (iii) Outstanding cheques at October 31 total Tk. 2,650. (iv) Deposits in transit at October 31 total Tk. 1,830. (v) A company cheque for Tk. 365, dated October 9, cleared the bank on October 24, was a payment on account for Tk. 335.

Instructions: Prepare a bank reconciliation statement at October 31, 2025. **15**

Part B—Mathematical Problem

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

Marks—10×1 = 10

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

- (i) Investment of owner Tk. 32,000 cash and Tk. 18,000 equipment.
- (ii) Purchase of furniture from Nabin Furnitures Tk. 16,000 on credit.
- (iii) Paid rent for the month Tk. 1,300.
- (iv) Purchase of equipment Tk. 1,400 in cash.
- (v) Cash received from service provided Tk. 4,200.
- (vi) Services provided on credit Tk. 550.
- (vii) Received a Tk. 320 cheque for services previously rendered on account.
- (viii) Cash withdrawal by owner Tk. 7,000.
- (ix) Payment made to Nabin Furnitures Tk. 9,500.
- (x) Depreciation of equipment Tk. 2,200.

10

Or,

6. Onindita Company provides the following financial information for the year 2025:

Sales	Tk. 1,30,000
Cost of goods sold	Tk. 78,000
Net income	Tk. 13,000
Total assets	Tk. 2,60,000
Total liabilities	Tk. 1,00,000
Shareholder's equity	Tk. 1,60,000
Interest expense	Tk. 2,500
Income tax expense	Tk. 1,300
Dividend paid	Tk. 5,000

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

Part C—Problem Solving

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

Marks—20×1 = 20

7. The trial balance of Bijoy Traders is given below:

Account	Debit (Tk.)	Credit (Tk.)
Cash	17,300	
Accounts receivable	12,100	
Merchandise inventory	35,600	
Store supplies	2,300	
Prepaid insurance	1,900	
Store equipment	43,000	
Accumulated depreciation—Store equipment		16,700
Accounts payable		25,900
Capital — Bijoy		55,100
Drawings — Bijoy	14,200	
Sales		1,14,300
Sales returns and allowances	1,180	
Purchases	72,000	
Purchase returns and allowances		22,400
Purchase discount		1,560
Sales salaries expense	24,800	
Freight in	2,610	
Rent expense	4,100	
Other selling expenses	3,000	
Utilities expense	1,870	
Total	**2,35,960**	**2,35,960**

Additional Information:

(i) Ending merchandise inventory Tk. 37,000.

(ii) Ending store supplies inventory Tk. 420.

(iii) Unexpired insurance Tk. 320.

(iv) Depreciation on store equipment Tk. 5,000.

(v) Accrued sales salaries payable Tk. 140.

(vi) Accrued utilities expense Tk. 190.

(vii) Sales of Tk. 550 were omitted from the books.

Required:

(i) Income statement. **8**

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

(iii) Balance Sheet as of 31 August, 2025. **8**

Or,

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

Account	**Debit (Tk.)**	**Credit (Tk.)**
Cash	25,000	
Accounts receivable	20,000	
Supplies	10,500	
Equipment	16,600	
Accounts payable		34,100
Unearned service revenue		9,700
Owner's capital		70,000
Owner's drawings	1,700	
Service revenue		5,570
Salaries and wages	27,500	
Utilities expenses	7,100	
Total	**1,08,400**	**1,19,370**

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. 5,100 and accounts receivable was credited for the same amount.

(ii) The purchase of a laptop on account for Tk. 6,400 was recorded as a debit to supplier for Tk. 6,400 and a credit to accounts payable for Tk. 6,400.

(iii) Services performed on account for a client for Tk. 8,700 were recorded as a debit to accounts receivable for Tk. 8,700 and a credit to service revenue for Tk. 870.

(iv) A debit posting to salaries and wages of Tk. 6,300 was omitted.

(v) A payment of a balance due for Tk. 2,800 was credited to cash for Tk. 2,800 and credited to accounts payable for Tk. 3,300.

(vi) The cash withdrawal of Tk. 5,500 by owner was debited to salaries and wages for Tk. 5,500 and credited to cash for Tk. 5,500.

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

Part D—Understanding Terminology

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

Marks—2×5 = 10

(a) Gross Profit vs. Net Profit	2
(b) Journal vs. Ledger	2
(c) Tangible vs. Intangible Assets	2
(d) Current Ratio vs. Quick Ratio	2
(e) Debit vs. Credit	2
(f) Stakeholders vs. Stockholders	2
(g) Current Assets vs. Fixed Assets	2
(h) Cash Transaction vs. Non-cash Transaction	2

Part E—Short Questions

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

Marks—4×5 = 20

(a) Define IFRS.	4
(b) What is Unqualified Opinion?	4
(c) What do you mean by historical cost?	4
(d) Define Materiality in Accounting.	4
(e) What is fair value?	4
(f) Define Doubly Entry System.	4
(g) What is accrual basis of Accounting?	4
(h) What is GAAP?	4

— End of Question Paper —

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