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MODEL QUESTION – SET 4

(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) Prepaid rent (ii) Salaries payable
- (iii) Unearned rent revenue (iv) Accounts receivable
- (v) Owner's drawing

5

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

(d) "A high current ratio always indicates strong liquidity." Do you agree? Explain. **5**

Or,

2. (a) How does accounting assist management in decision-making? **5**

(b) What is the difference between financial accounting and management accounting? **5**

(c) A machine is purchased for Tk. 1,20,000. Expenses on carriage and installation were Tk. 20,000. Calculate the depreciation @ 25% p.a. under the straight-line method for the first year ending 31 December 2025, if the machine is purchased on:

- (i) 1st January, 2025

- (ii) 1st April, 2025
- (iii) 1st August, 2025
- (iv) 1st November, 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 Utsho Company is given below:

Account title	**Debit (Tk.)**	**Credit (Tk.)**
Cash	51,200	
Accounts receivable	19,000	
Prepaid insurance	720	
10% investment	10,000	
Delivery equipment	1,70,000	
Advertising expenses	9,200	
Capital		90,000
Service revenue		1,70,120
Total	**2,60,120**	**2,60,120**

Additional information for adjusting entries:
(i) Expired insurance during the year was Tk. 240.
(ii) Interest on investment (invested on November 1) is collected annually each October 31.
(iii) Depreciation on delivery equipment for the year was Tk. 11,500.

Required: Prepare a worksheet. **15**

Or,

4. (a) Define Hire Purchase and Installment systems in accounting. How do they differ? **5**

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

(c) Define Consistency Principle and Full Disclosure Principle. Why are they important? **10**

Part B—Mathematical Problem

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

Marks—10×1 = 10

5. Mr. Rafique opened a photography studio on March 1, 2025. During the first month of operations, the following occurred:

- (i) Photography services performed totaling Tk. 19,500 have not yet been recorded.
- (ii) Utility expenses incurred but not paid prior to April 5, totaling Tk. 2,600.
- (iii) Purchased studio equipment on March 1 for Tk. 4,80,000, paying Tk. 1,00,000 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 March 1 for Tk. 24,000.
- (v) Purchased Tk. 16,000 of studio supplies; on March 31, Tk. 5,500 remained on hand.

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

10

Or,

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

Sales	Tk. 1,80,000
Cost of goods sold	Tk. 1,08,000
Net income	Tk. 18,000
Total assets	Tk. 3,60,000
Total liabilities	Tk. 1,44,000
Shareholder's equity	Tk. 2,16,000
Interest expense	Tk. 3,600
Income tax expense	Tk. 1,800
Dividend paid	Tk. 7,200

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 comparative balance sheets for Anwesha Company as of December 31 are presented below:

Particulars	2025 (Tk.)	2024 (Tk.)
Cash	75,000	42,000
Accounts receivable	38,000	58,000
Inventory	1,42,000	1,33,000
Prepaid expenses	14,200	19,500
Land	98,000	1,20,000
Buildings	1,85,000	1,85,000
Accumulated depreciation—Building	(55,000)	(36,000)
Equipment	2,05,000	1,44,000
Accumulated depreciation—Equipment	(41,000)	(32,000)
Total	**6,61,200**	**6,33,500**
Accounts payable	44,200	37,000
Bonds payable	2,40,000	2,80,000
Common stock	1,85,000	1,48,000
Retained earnings	1,92,000	1,68,500
Total	**6,61,200**	**6,33,500**

Additional information:

1. Operating expenses included depreciation expense of Tk. 39,500 (Building Tk. 19,000 + Equipment Tk. 20,500) and prepaid expense charges of Tk. 5,300.
2. Land was sold for cash at book value.
3. Cash dividend of Tk. 18,500 was paid.
4. Net income for 2025 was Tk. 42,000.
5. Equipment was purchased for Tk. 82,000 cash; equipment costing Tk. 21,000 with a book value of Tk. 9,500 was sold for Tk. 5,800 cash.
6. Bonds of Tk. 37,000 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 Sristi Company is given below:

Account title	Debit (Tk.)	Credit (Tk.)
Accounts payable		33,900

Cash	22,600	
Accounts receivables	34,200	
Merchandise inventory	82,000	
Land	85,000	
Building	1,80,000	
Accumulated depreciation—Building		49,000
Equipment	76,500	
Accumulated depreciation—Equipment		38,800
Notes payable		45,000
Capital		2,45,100
Drawing	9,200	
Sales revenue		8,27,600
Sales discount	4,100	
Cost of goods sold	6,49,000	
Salary expenses	63,900	
Utilities expenses	17,700	
Repair expenses	5,400	
Gas & Oil expense	6,600	
Insurance expense	3,200	
Total	**12,39,400**	**12,39,400**

Additional Information:

(i) Depreciation on Building BDT 9,000; on Equipment BDT 8,200.
(ii) Interest of BDT 6,400 is due on notes payable on 31 December.
(iii) Actual merchandise inventory on hand is BDT 79,600.
(iv) Salaries expenses are 80% selling and 20% administration.
(v) Utilities, repair, and insurance expenses are 100% administrative.
(vi) BDT 13,500 of notes payable are payable next year.
(vii) Gas and oil expenses are selling expenses.

Required:

(a) A multiple-step income statement. **10**

(b) Statement of changes in owner's equity. **5**

(c) A classified Balance Sheet as of 31 December, 2025. **5**

Part D—Understanding Terminology

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

Marks—2×5 = 10

(a) Accrual basis vs. Cash basis of accounting	2
(b) Depreciation vs. Amortization	2
(c) Single entry vs. Double entry system	2
(d) Closing entry vs. Reversing entry	2
(e) Horizontal analysis vs. Vertical analysis	2
(f) Perpetual vs. Periodic inventory system	2
(g) Internal vs. External users of accounting information	2
(h) Assets vs. Liabilities	2

Part E—Short Questions

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

Marks—4×5 = 20

(a) Characteristics of Asset	4
(b) Unearned revenue	4
(c) EBITA	4
(d) Discuss: Relevance & Reliability	4
(e) Stakeholders vs. Stockholders	4
(f) Full disclosure convention	4
(g) Accounting cycle	4
(h) Methods of Depreciation	4

— End of Question Paper —

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