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MODEL QUESTION – SET 5

(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. Habib opened "Habib Print & Design" on January 1, 2026. During January the following transactions occurred:

- January 02: Habib invested Tk. 35,000 cash in the business.
- January 05: Paid Tk. 2,000 cash for shop rent of January.
- January 10: Purchased a printer for Tk. 30,000, paying cash Tk. 15,000 and on account Tk. 15,000.
- January 14: Paid Tk. 2,400 as insurance in advance.
- January 19: Received a bill from Kaler Kantho for advertising expenses Tk. 400.
- January 25: Habib withdrew Tk. 1,200 cash for personal use.
- January 31: Cash received from printing services Tk. 9,600.

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) Digonta Freight purchased a delivery truck on 1st May, 2024 at a cost of Tk. 2,80,000. The company estimated a salvage value of Tk. 25,000. The truck is expected to be used for 20,000 working hours over its 8-year life; actual usage in the first year was 2,800 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) Ashar Company's bank statement for November 2025 shows the following data:

- Bank balance at 01-11-2025: Tk. 20,700
- Bank balance at 30-11-2025: Tk. 23,150
- Cash book balance at 30-11-2025: Tk. 21,990

Review reveals: (i) A non-sufficient cheque of Tk. 240 from customer 'S'. (ii) Bank collected a note receivable of Tk. 632 (Tk. 610, 4-month, 12% note), charging a Tk. 22 collection fee; no interest has been accrued. (iii) Outstanding cheques at November 30 total Tk. 2,940. (iv) Deposits in transit at November 30 total Tk. 2,120. (v) A company cheque for Tk. 425, dated November 11, cleared the bank on November 26, was a payment on account for Tk. 395.

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

Or,

4. (a) What is meant by the "accrual basis" of accounting? How does it differ from the cash basis? **5**

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

(c) Define Cost Principle (Historical Cost) and Revenue Recognition Principle with examples. **10**

Part B—Mathematical Problem

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

Marks—10×1 = 10

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

- (i) Investment of owner Tk. 38,000 cash and Tk. 22,000 equipment.
- (ii) Purchase of furniture from Anondo Furnitures Tk. 18,000 on credit.
- (iii) Paid rent for the month Tk. 1,800.
- (iv) Purchase of supplies Tk. 1,200 in cash.
- (v) Cash received from service provided Tk. 4,800.
- (vi) Services provided on credit Tk. 750.
- (vii) Received a Tk. 420 cheque for services previously rendered on account.
- (viii) Cash withdrawal by owner Tk. 6,500.
- (ix) Payment made to Anondo Furnitures Tk. 11,000.
- (x) Depreciation of equipment Tk. 2,600.

10

Or,

6. Mrs. Dolon opened a dental practice on April 1, 2025. During the first month of operations, the following occurred:

- (i) Mrs. Dolon performed services for patients totaling Tk. 26,000. These services have not yet been recorded.
- (ii) Utility expenses incurred but not paid prior to May 6, totaling Tk. 3,400.
- (iii) Purchased dental equipment on April 1 for Tk. 7,50,000, paying Tk. 1,80,000 in cash and signing a Tk. 5,70,000, 3-year note payable. Interest rate on the note is 12% yearly. The equipment is depreciated @ 10% per annum. Both note and equipment are charged on a monthly basis.
- (iv) Purchased a one-year insurance policy on April 1 for Tk. 42,000.
- (v) Purchased Tk. 24,000 of dental supplies. On April 30, it was determined that Tk. 8,200 of supplies were on hand.

Prepare the adjusting entries on April 30, 2025.

10

Part C—Problem Solving

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

Marks—20×1 = 20

7. The comparative balance sheets for Bornali Company as of December 31 are presented below:

Particulars	2025 (Tk.)	2024 (Tk.)
Cash	88,000	48,000
Accounts receivable	44,000	65,000
Inventory	1,58,000	1,48,500
Prepaid expenses	16,000	22,000
Land	1,10,000	1,36,000
Buildings	2,10,000	2,10,000
Accumulated depreciation—Building	(63,000)	(42,000)
Equipment	2,32,000	1,63,000
Accumulated depreciation—Equipment	(47,500)	(37,000)
Total	**7,47,500**	**7,13,500**
Accounts payable	50,200	42,000
Bonds payable	2,70,000	3,15,000
Common stock	2,10,000	1,68,000
Retained earnings	2,17,300	1,88,500
Total	**7,47,500**	**7,13,500**

Additional information:

1. Operating expenses included depreciation expense of Tk. 44,500 (Building Tk. 21,000 + Equipment Tk. 23,500) and prepaid expense charges of Tk. 6,000.
2. Land was sold for cash at book value.
3. Cash dividend of Tk. 21,000 was paid.
4. Net income for 2025 was Tk. 49,800.
5. Equipment was purchased for Tk. 93,000 cash; equipment costing Tk. 24,000 with a book value of Tk. 11,000 was sold for Tk. 6,800 cash.
6. Bonds of Tk. 42,000 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 Rupsha Traders is given below:

Account	Debit (Tk.)	Credit (Tk.)
Cash	19,400	

Accounts receivable	13,600	
Merchandise inventory	38,900	
Store supplies	2,600	
Prepaid insurance	2,100	
Store equipment	47,500	
Accumulated depreciation—Store equipment		18,400
Accounts payable		28,600
Capital — Rupsha		61,760
Drawings — Rupsha	15,800	
Sales		1,25,700
Sales returns and allowances	1,340	
Purchases	79,600	
Purchase returns and allowances		24,700
Purchase discount		1,720
Sales salaries expense	27,300	
Freight in	2,880	
Rent expense	4,500	
Other selling expenses	3,300	
Utilities expense	2,060	
Total	**2,60,880**	**2,60,880**

Additional Information:

(i) Ending merchandise inventory Tk. 40,900.

(ii) Ending store supplies inventory Tk. 480.

(iii) Unexpired insurance Tk. 350.

(iv) Depreciation on store equipment Tk. 5,500.

(v) Accrued sales salaries payable Tk. 150.

(vi) Accrued utilities expense Tk. 210.

(vii) Sales of Tk. 620 were omitted from the books.

Required:

(i) Income statement. **8**

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

(iii) Balance Sheet as of 31 January, 2026. **8**

Part D—Understanding Terminology

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

Marks—2×5 = 10

(a) Current Assets vs. Fixed Assets	2
(b) Cash Transaction vs. Non-cash Transaction	2
(c) Assets vs. Liabilities	2
(d) Revenues vs. Expenses	2
(e) Gross Profit vs. Net Profit	2
(f) Journal vs. Ledger	2
(g) Tangible vs. Intangible Assets	2
(h) Current Ratio vs. Quick Ratio	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 Doubly Entry System.	4
(d) What is Unqualified Opinion?	4
(e) What do you mean by historical cost?	4
(f) Define IFRS.	4
(g) What is Book Value?	4
(h) What is GAAP?	4

— End of Question Paper —

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