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MODEL QUESTION – SET 6

(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) What is the significance of the double entry system in accounting? **5**

(b) Mr. Jasim opened "Jasim Hardware Store" on June 1, 2025. The following transactions occurred during June:

- June 01: Jasim invested Tk. 40,000 cash in the business.
- June 03: Paid Tk. 2,000 cash for shop rent of June.
- June 08: Purchased shop racks for Tk. 28,000, paying cash Tk. 14,000 and on account Tk. 14,000.
- June 13: Paid Tk. 2,200 as insurance in advance.
- June 17: Received a bill from Bangla Tribune for advertising expenses Tk. 380.
- June 22: Jasim withdrew Tk. 1,100 cash for personal use.
- June 30: Cash received from sales of hardware goods Tk. 10,200.

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) Padma Logistics purchased a delivery truck on 1st June, 2024 at a cost of Tk. 3,00,000. The company estimated a salvage value of Tk. 30,000. The truck is expected to be used for 22,000 working hours over its 9-year life; actual usage in the first year was 3,100 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 is a worksheet? Why is it prepared before finalizing financial statements? **5**

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

Account title	Debit (Tk.)	Credit (Tk.)
Cash	46,300	
Accounts receivable	18,400	
Prepaid insurance	840	
10% investment	9,000	
Delivery equipment	1,55,000	
Advertising expenses	7,800	
Capital		85,000
Service revenue		1,52,340
Total	**2,37,340**	**2,37,340**

Additional information for adjusting entries:

(i) Expired insurance during the year was Tk. 220.

(ii) Interest on investment (invested on August 1) is collected annually each July 31.

(iii) Depreciation on delivery equipment for the year was Tk. 10,200.

Required: Prepare a worksheet. **15**

Or,

4. The trial balance of Hasan Enterprise shown below does not balance:

Account	Debit (Tk.)	Credit (Tk.)
Cash	32,400	
Accounts receivable	27,600	
Supplies	11,900	
Equipment	21,800	
Accounts payable		49,700

Unearned service revenue		13,200
Owner's capital		92,000
Owner's drawings	2,800	
Service revenue		720
Salaries and wages	36,000	
Utilities expenses	9,600	
Total	**1,55,620**	**1,55,620**

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. 6,700 and accounts receivable was credited for the same amount.

(ii) The purchase of a scanner on account for Tk. 8,200 was recorded as a debit to supplier for Tk. 8,200 and a credit to accounts payable for Tk. 8,200.

(iii) Services performed on account for a client for Tk. 11,200 were recorded as a debit to accounts receivable for Tk. 11,200 and a credit to service revenue for Tk. 1,120.

(iv) A debit posting to salaries and wages of Tk. 8,000 was omitted.

(v) A payment of a balance due for Tk. 3,400 was credited to cash for Tk. 3,400 and credited to accounts payable for Tk. 4,000.

(vi) The cash withdrawal of Tk. 7,000 by owner was debited to salaries and wages for Tk. 7,000 and credited to cash for Tk. 7,000.

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

Part B—Mathematical Problem

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

Marks—10×1 = 10

5. Mr. Kabir opened a veterinary clinic on July 1, 2025. During the first month of operations, the following occurred:

- (i) Clinic services performed totaling Tk. 23,000 have not yet been recorded.
- (ii) Utility expenses incurred but not paid prior to August 5, totaling Tk. 3,000.
- (iii) Purchased clinic equipment on July 1 for Tk. 5,60,000, paying Tk. 1,40,000 cash and signing a Tk. 4,20,000, 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 July 1 for Tk. 33,600.
- (v) Purchased Tk. 21,000 of clinic supplies; on July 31, Tk. 7,400 remained on hand.

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

10

Or,

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

Sales	Tk. 2,00,000
Cost of goods sold	Tk. 1,20,000
Net income	Tk. 20,000
Total assets	Tk. 4,00,000
Total liabilities	Tk. 1,60,000
Shareholder's equity	Tk. 2,40,000
Interest expense	Tk. 4,000
Income tax expense	Tk. 2,000
Dividend paid	Tk. 8,000

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

Particulars	2025 (Tk.)	2024 (Tk.)
Cash	36,800	24,100
Accounts receivable	30,200	33,900
Inventory	72,500	63,800
Prepaid expenses	7,200	9,600
Land	48,000	62,000
Buildings	1,00,000	1,00,000
Accumulated depreciation—Building	(27,000)	(18,000)
Equipment	96,500	70,000
Accumulated depreciation—Equipment	(20,000)	(15,500)
Total	**3,44,200**	**3,29,900**
Accounts payable	21,700	19,000
Bonds payable	1,18,000	1,38,000
Common stock	1,14,000	92,000
Retained earnings	90,500	80,900
Total	**3,44,200**	**3,29,900**

Additional information:

1. Operating expenses included depreciation expense of Tk. 18,700 (Building Tk. 9,000 + Equipment Tk. 9,700) and prepaid expense charges of Tk. 2,400.
2. Land was sold for cash at book value.
3. Cash dividend of Tk. 17,500 was paid.
4. Net income for 2025 was Tk. 27,100.
5. Equipment was purchased for Tk. 34,000 cash; equipment costing Tk. 7,500 with a book value of Tk. 2,300 was sold for Tk. 2,900 cash.
6. Bonds of Tk. 20,000 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 Antor Company is given below:

Account title	Debit (Tk.)	Credit (Tk.)
Accounts payable		36,700

Cash	24,800	
Accounts receivables	36,500	
Merchandise inventory	87,200	
Land	89,000	
Building	1,90,000	
Accumulated depreciation—Building		52,000
Equipment	80,500	
Accumulated depreciation—Equipment		41,200
Notes payable		48,000
Capital		2,58,900
Drawing	10,500	
Sales revenue		8,74,200
Sales discount	4,400	
Cost of goods sold	6,86,000	
Salary expenses	67,500	
Utilities expenses	18,600	
Repair expenses	5,700	
Gas & Oil expense	6,900	
Insurance expense	3,400	
Total	**13,11,000**	**13,11,000**

Additional Information:

(i) Depreciation on Building BDT 9,500; on Equipment BDT 8,600.
(ii) Interest of BDT 6,800 is due on notes payable on 31 December.
(iii) Actual merchandise inventory on hand is BDT 84,300.
(iv) Salaries expenses are 80% selling and 20% administration.
(v) Utilities, repair, and insurance expenses are 100% administrative.
(vi) BDT 14,000 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) Journal vs. Ledger	2
(d) Trial Balance vs. Balance Sheet	2
(e) Worksheet vs. Financial Statements	2
(f) Current Ratio vs. Quick Ratio	2
(g) Gross Profit vs. Net Profit	2
(h) Tangible vs. Intangible Assets	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) What is a worksheet?	4
(d) What do you mean by historical cost?	4
(e) Define IFRS.	4
(f) What is book value?	4
(g) What is accrual basis of accounting?	4
(h) Define GAAP.	4

— End of Question Paper —

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