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MODEL QUESTION – SET 7

(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) Explain the accounting equation with a suitable example. **5**

(b) Ms. Nasrin opened "Nasrin Interiors" on September 1, 2025. The following transactions occurred during September:

- September 01: Nasrin invested Tk. 45,000 cash in the business.
- September 04: Paid Tk. 2,200 cash for office rent of September.
- September 09: Purchased design tools for Tk. 32,000, paying cash Tk. 16,000 and on account Tk. 16,000.
- September 14: Paid Tk. 2,500 as insurance in advance.
- September 18: Received a bill from Ittefaq for advertising expenses Tk. 420.
- September 24: Nasrin withdrew Tk. 1,300 cash for personal use.
- September 30: Cash received from design services Tk. 11,400.

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) Shathi Transport purchased a bus on 1st July, 2024 at a cost of Tk. 4,50,000. The company estimated a salvage value of Tk. 40,000. The bus is expected to be used for 30,000 working hours over its 10-year life; actual usage in the first year was 4,000 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) List the steps involved in preparing a worksheet. **5**

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

Account title	Debit (Tk.)	Credit (Tk.)
Cash	41,700	
Accounts receivable	16,800	
Prepaid insurance	660	
10% investment	7,500	
Delivery equipment	1,48,000	
Advertising expenses	7,100	
Capital		80,000
Service revenue		1,41,760
Total	**2,21,760**	**2,21,760**

Additional information for adjusting entries:
(i) Expired insurance during the year was Tk. 210.
(ii) Interest on investment (invested on July 1) is collected annually each June 30.
(iii) Depreciation on delivery equipment for the year was Tk. 9,700.

Required: Prepare a worksheet. **15**

Or,

4. The trial balance of Rowshan Traders shown below does not balance:

Account	Debit (Tk.)	Credit (Tk.)
Cash	27,900	
Accounts receivable	22,400	
Supplies	9,600	
Equipment	18,200	
Accounts payable		42,200
Unearned service revenue		10,900

Owner's capital		76,000
Owner's drawings	1,900	
Service revenue		1,090
Salaries and wages	30,200	
Utilities expenses	7,900	
Total	**1,30,190**	**1,30,190**

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. 5,900 and accounts receivable was credited for the same amount.

(ii) The purchase of a copier on account for Tk. 7,300 was recorded as a debit to supplier for Tk. 7,300 and a credit to accounts payable for Tk. 7,300.

(iii) Services performed on account for a client for Tk. 9,900 were recorded as a debit to accounts receivable for Tk. 9,900 and a credit to service revenue for Tk. 990.

(iv) A debit posting to salaries and wages of Tk. 7,200 was omitted.

(v) A payment of a balance due for Tk. 3,000 was credited to cash for Tk. 3,000 and credited to accounts payable for Tk. 3,500.

(vi) The cash withdrawal of Tk. 6,200 by owner was debited to salaries and wages for Tk. 6,200 and credited to cash for Tk. 6,200.

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

Part B—Mathematical Problem

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

Marks—10×1 = 10

5. Mrs. Farida opened a tutoring center on October 1, 2025. During the first month of operations, the following occurred:

- (i) Tutoring services performed totaling Tk. 20,500 have not yet been recorded.
- (ii) Utility expenses incurred but not paid prior to November 5, totaling Tk. 2,700.
- (iii) Purchased teaching equipment on October 1 for Tk. 5,20,000, paying Tk. 1,30,000 cash and signing a Tk. 3,90,000, 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 October 1 for Tk. 28,800.
- (v) Purchased Tk. 17,500 of teaching supplies; on October 31, Tk. 6,000 remained on hand.

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

10

Or,

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

Sales	Tk. 1,60,000
Cost of goods sold	Tk. 96,000
Net income	Tk. 16,000
Total assets	Tk. 3,20,000
Total liabilities	Tk. 1,28,000
Shareholder's equity	Tk. 1,92,000
Interest expense	Tk. 3,200
Income tax expense	Tk. 1,600
Dividend paid	Tk. 6,400

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 Trishna Corporation as of December 31 are given below:

Particulars	2025 (Tk.)	2024 (Tk.)
Cash	40,200	27,600
Accounts receivable	33,100	37,400
Inventory	78,900	69,200
Prepaid expenses	7,900	10,500
Land	52,000	68,000
Buildings	1,10,000	1,10,000
Accumulated depreciation—Building	(29,500)	(19,500)
Equipment	1,05,000	76,000
Accumulated depreciation—Equipment	(21,500)	(16,800)
Total	**3,76,100**	**3,62,400**
Accounts payable	23,600	20,600
Bonds payable	1,29,000	1,51,000
Common stock	1,24,000	1,00,000
Retained earnings	99,500	90,800
Total	**3,76,100**	**3,62,400**

Additional information:

1. Operating expenses included depreciation expense of Tk. 20,200 (Building Tk. 10,000 + Equipment Tk. 10,200) and prepaid expense charges of Tk. 2,600.
2. Land was sold for cash at book value.
3. Cash dividend of Tk. 19,000 was paid.
4. Net income for 2025 was Tk. 27,700.
5. Equipment was purchased for Tk. 37,000 cash; equipment costing Tk. 8,000 with a book value of Tk. 2,500 was sold for Tk. 3,100 cash.
6. Bonds of Tk. 22,000 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 Debasish Traders is given below:

Account title	Debit (Tk.)	Credit (Tk.)

Accounts payable		39,200
Cash	26,700	
Accounts receivables	38,900	
Merchandise inventory	91,500	
Land	93,000	
Building	2,00,000	
Accumulated depreciation—Building		55,500
Equipment	84,700	
Accumulated depreciation—Equipment		43,600
Notes payable		51,000
Capital		2,72,300
Drawing	11,200	
Sales revenue		9,18,200
Sales discount	4,700	
Cost of goods sold	7,21,400	
Salary expenses	71,200	
Utilities expenses	19,600	
Repair expenses	6,000	
Gas & Oil expense	7,300	
Insurance expense	3,600	
Total	**13,79,800**	**13,79,800**

Additional Information:

(i) Depreciation on Building BDT 10,000; on Equipment BDT 9,000.
(ii) Interest of BDT 7,200 is due on notes payable on 31 December.
(iii) Actual merchandise inventory on hand is BDT 88,600.
(iv) Salaries expenses are 80% selling and 20% administration.
(v) Utilities, repair, and insurance expenses are 100% administrative.
(vi) BDT 15,500 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) Journal vs. Ledger	2
(b) Trial Balance vs. Worksheet	2
(c) Depreciation vs. Amortization	2
(d) Current Ratio vs. Quick Ratio	2
(e) Gross Profit vs. Net Profit	2
(f) Cash Flow vs. Net Income	2
(g) Tangible vs. Intangible Assets	2
(h) Stakeholders vs. Stockholders	2

Part E—Short Questions

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

Marks—4×5 = 20

(a) What is Unqualified Opinion?	4
(b) What do you mean by historical cost?	4
(c) Define IFRS.	4
(d) What is Book Value?	4
(e) What is a Worksheet?	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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