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## MODEL QUESTION – SET 8

*(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.]*

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## Part A—Broad Questions

*(Answer any **two** out of four questions)*

Marks—20×2 = 40

1. (a) Explain the qualitative characteristics of useful accounting information. **5**

(b) Mr. Zahid opened "Zahid Bakery" on November 1, 2025. The following transactions occurred during November:

- November 01: Zahid invested Tk. 48,000 cash in the business.
- November 04: Paid Tk. 2,400 cash for shop rent of November.
- November 09: Purchased baking ovens for Tk. 35,000, paying cash Tk. 18,000 and on account Tk. 17,000.
- November 13: Paid Tk. 2,700 as insurance in advance.
- November 18: Received a bill from Samakal for advertising expenses Tk. 450.
- November 23: Zahid withdrew Tk. 1,400 cash for personal use.
- November 30: Cash received from bakery sales Tk. 12,600.

**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) Sopno Builders purchased construction equipment on 1st August, 2024 at a cost of Tk. 5,20,000. The company estimated a salvage value of Tk. 45,000. The equipment is expected to

be used for 35,000 working hours over its 12-year life; actual usage in the first year was 4,500 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) Distinguish between adjusting entries and closing entries. **5**

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

| Account title | Debit (Tk.) | Credit (Tk.) |
|---|---|---|
| Cash | 49,600 | |
| Accounts receivable | 20,100 | |
| Prepaid insurance | 900 | |
| 10% investment | 11,000 | |
| Delivery equipment | 1,65,000 | |
| Advertising expenses | 8,500 | |
| Capital | | 92,000 |
| Service revenue | | 1,63,100 |
| **Total** | **2,55,100** | **2,55,100** |

**Additional information for adjusting entries:**

(i) Expired insurance during the year was Tk. 260.

(ii) Interest on investment (invested on December 1) is collected annually each November 30.

(iii) Depreciation on delivery equipment for the year was Tk. 11,000.

Required: Prepare a worksheet. **15**

*Or,*

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

| Account | Debit (Tk.) | Credit (Tk.) |
|---|---|---|
| Cash | 31,200 | |
| Accounts receivable | 26,100 | |
| Supplies | 11,200 | |
| Equipment | 19,600 | |

| | | |
|---|---|---|
| Accounts payable | | 47,000 |
| Unearned service revenue | | 12,400 |
| Owner's capital | | 86,000 |
| Owner's drawings | 2,400 | |
| Service revenue | | 1,060 |
| Salaries and wages | 33,700 | |
| Utilities expenses | 9,000 | |
| **Total** | **1,46,460** | **1,46,460** |

**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. 6,400 and accounts receivable was credited for the same amount.

(ii) The purchase of a fax machine on account for Tk. 7,900 was recorded as a debit to supplier for Tk. 7,900 and a credit to accounts payable for Tk. 7,900.

(iii) Services performed on account for a client for Tk. 10,600 were recorded as a debit to accounts receivable for Tk. 10,600 and a credit to service revenue for Tk. 1,060.

(iv) A debit posting to salaries and wages of Tk. 7,700 was omitted.

(v) A payment of a balance due for Tk. 3,300 was credited to cash for Tk. 3,300 and credited to accounts payable for Tk. 3,900.

(vi) The cash withdrawal of Tk. 6,800 by owner was debited to salaries and wages for Tk. 6,800 and credited to cash for Tk. 6,800.

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

## Part B—Mathematical Problem

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

Marks—10×1 = 10

5. Mr. Salim opened a driving school on December 1, 2025. During the first month of operations, the following occurred:

- (i) Driving lessons performed totaling Tk. 22,500 have not yet been recorded.
- (ii) Utility expenses incurred but not paid prior to January 5, totaling Tk. 2,900.
- (iii) Purchased training vehicles on December 1 for Tk. 6,00,000, paying Tk. 1,50,000 cash and signing a Tk. 4,50,000, 3-year note payable at 12% yearly interest. Vehicles are depreciated @ 10% per annum. Both note interest and depreciation are charged monthly.
- (iv) Purchased a one-year insurance policy on December 1 for Tk. 36,000.
- (v) Purchased Tk. 19,500 of office supplies; on December 31, Tk. 6,800 remained on hand.

**Required:** Prepare the adjusting entries on December 31, 2025.

**10**

*Or,*

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

| | |
|---|---|
| Sales | Tk. 1,90,000 |
| Cost of goods sold | Tk. 1,14,000 |
| Net income | Tk. 19,000 |
| Total assets | Tk. 3,80,000 |
| Total liabilities | Tk. 1,52,000 |
| Shareholder's equity | Tk. 2,28,000 |
| Interest expense | Tk. 3,800 |
| Income tax expense | Tk. 1,900 |
| Dividend paid | Tk. 7,600 |

**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 Nabanita Corporation as of December 31 are given below:

| Particulars | 2025 (Tk.) | 2024 (Tk.) |
|---|---|---|
| Cash | 44,500 | 30,200 |
| Accounts receivable | 36,000 | 40,500 |
| Inventory | 85,600 | 75,100 |
| Prepaid expenses | 8,600 | 11,400 |
| Land | 56,000 | 74,000 |
| Buildings | 1,20,000 | 1,20,000 |
| Accumulated depreciation—Building | (32,000) | (21,000) |
| Equipment | 1,14,000 | 82,500 |
| Accumulated depreciation—Equipment | (23,000) | (18,000) |
| **Total** | **4,09,700** | **3,94,700** |
| Accounts payable | 25,600 | 22,300 |
| Bonds payable | 1,40,000 | 1,64,000 |
| Common stock | 1,35,000 | 1,09,000 |
| Retained earnings | 1,09,100 | 99,400 |
| **Total** | **4,09,700** | **3,94,700** |

**Additional information:**

1. Operating expenses included depreciation expense of Tk. 21,800 (Building Tk. 11,000 + Equipment Tk. 10,800) and prepaid expense charges of Tk. 2,800.
2. Land was sold for cash at book value.
3. Cash dividend of Tk. 20,500 was paid.
4. Net income for 2025 was Tk. 30,200.
5. Equipment was purchased for Tk. 40,000 cash; equipment costing Tk. 8,500 with a book value of Tk. 2,700 was sold for Tk. 3,400 cash.
6. Bonds of Tk. 24,000 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 Bristi Traders is given below:

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

| | | |
|---|---|---|
| Accounts payable | | 41,800 |
| Cash | 28,600 | |
| Accounts receivables | 41,200 | |
| Merchandise inventory | 96,500 | |
| Land | 97,000 | |
| Building | 2,10,000 | |
| Accumulated depreciation—Building | | 58,000 |
| Equipment | 89,000 | |
| Accumulated depreciation—Equipment | | 45,700 |
| Notes payable | | 54,000 |
| Capital | | 2,87,200 |
| Drawing | 12,000 | |
| Sales revenue | | 9,61,300 |
| Sales discount | 4,900 | |
| Cost of goods sold | 7,55,600 | |
| Salary expenses | 74,800 | |
| Utilities expenses | 20,600 | |
| Repair expenses | 6,300 | |
| Gas & Oil expense | 7,700 | |
| Insurance expense | 3,800 | |
| **Total** | **14,48,000** | **14,48,000** |

**Additional Information:**

(i) Depreciation on Building BDT 10,500; on Equipment BDT 9,500.
(ii) Interest of BDT 7,600 is due on notes payable on 31 December.
(iii) Actual merchandise inventory on hand is BDT 93,000.
(iv) Salaries expenses are 80% selling and 20% administration.
(v) Utilities, repair, and insurance expenses are 100% administrative.
(vi) BDT 16,500 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) Assets vs. Liabilities | 2 |
| (b) Revenues vs. Expenses | 2 |
| (c) Trial Balance vs. Worksheet | 2 |
| (d) Depreciation vs. Amortization | 2 |
| (e) Debit vs. Credit | 2 |
| (f) Current Ratio vs. Quick Ratio | 2 |
| (g) Cash Flow Statement vs. Income Statement | 2 |
| (h) Stakeholders vs. Stockholders | 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 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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