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MODEL QUESTION – SET 9

(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 accounting cycle? Name its main steps in order. **5**

(b) Mr. Iqbal opened "Iqbal Furniture Mart" on January 2, 2026. The following transactions occurred during January:

- January 02: Iqbal invested Tk. 50,000 cash in the business.
- January 05: Paid Tk. 2,600 cash for shop rent of January.
- January 10: Purchased display racks for Tk. 36,000, paying cash Tk. 18,000 and on account Tk. 18,000.
- January 14: Paid Tk. 2,900 as insurance in advance.
- January 19: Received a bill from Jugantor for advertising expenses Tk. 480.
- January 25: Iqbal withdrew Tk. 1,500 cash for personal use.
- January 31: Cash received from furniture sales Tk. 13,800.

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) Barisal Movers purchased a delivery truck on 1st September, 2024 at a cost of Tk. 3,80,000. The company estimated a salvage value of Tk. 35,000. The truck is expected to be used for 25,000 working hours over its 9-year life; actual usage in the first year was 3,600 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 the purpose of the "Adjusted Trial Balance" columns in a worksheet? **5**

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

Account title	Debit (Tk.)	Credit (Tk.)
Cash	44,800	
Accounts receivable	17,600	
Prepaid insurance	780	
10% investment	8,500	
Delivery equipment	1,50,000	
Advertising expenses	7,400	
Capital		82,000
Service revenue		1,47,080
Total	**2,29,080**	**2,29,080**

Additional information for adjusting entries:

(i) Expired insurance during the year was Tk. 230.

(ii) Interest on investment (invested on October 1) is collected annually each September 30.

(iii) Depreciation on delivery equipment for the year was Tk. 9,900.

Required: Prepare a worksheet. **15**

Or,

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

Account	Debit (Tk.)	Credit (Tk.)
Cash	29,700	
Accounts receivable	24,900	
Supplies	10,700	
Equipment	18,900	
Accounts payable		44,450

Unearned service revenue		11,700
Owner's capital		81,000
Owner's drawings	2,200	
Service revenue		2,420
Salaries and wages	31,900	
Utilities expenses	8,500	
Total	**1,39,570**	**1,39,570**

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. 6,100 and accounts receivable was credited for the same amount.

(ii) The purchase of a router on account for Tk. 7,600 was recorded as a debit to supplier for Tk. 7,600 and a credit to accounts payable for Tk. 7,600.

(iii) Services performed on account for a client for Tk. 10,200 were recorded as a debit to accounts receivable for Tk. 10,200 and a credit to service revenue for Tk. 1,020.

(iv) A debit posting to salaries and wages of Tk. 7,500 was omitted.

(v) A payment of a balance due for Tk. 3,150 was credited to cash for Tk. 3,150 and credited to accounts payable for Tk. 3,700.

(vi) The cash withdrawal of Tk. 6,500 by owner was debited to salaries and wages for Tk. 6,500 and credited to cash for Tk. 6,500.

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

Part B—Mathematical Problem

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

Marks—10×1 = 10

5. Mrs. Nasima opened a beauty parlour on February 1, 2026. During the first month of operations, the following occurred:

- (i) Beauty services performed totaling Tk. 24,000 have not yet been recorded.
- (ii) Utility expenses incurred but not paid prior to March 5, totaling Tk. 3,100.
- (iii) Purchased parlour equipment on February 1 for Tk. 5,80,000, paying Tk. 1,45,000 cash and signing a Tk. 4,35,000, 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 February 1 for Tk. 34,800.
- (v) Purchased Tk. 22,000 of parlour supplies; on February 28, Tk. 7,700 remained on hand.

Required: Prepare the adjusting entries on February 28, 2026.

10

Or,

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

Sales	Tk. 2,10,000
Cost of goods sold	Tk. 1,26,000
Net income	Tk. 21,000
Total assets	Tk. 4,20,000
Total liabilities	Tk. 1,68,000
Shareholder's equity	Tk. 2,52,000
Interest expense	Tk. 4,200
Income tax expense	Tk. 2,100
Dividend paid	Tk. 8,400

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 Shapla Corporation as of December 31 are given below:

Particulars	2025 (Tk.)	2024 (Tk.)
Cash	48,600	33,100
Accounts receivable	39,200	44,000
Inventory	92,800	81,500
Prepaid expenses	9,300	12,400
Land	60,000	80,000
Buildings	1,30,000	1,30,000
Accumulated depreciation—Building	(35,000)	(23,000)
Equipment	1,23,000	89,000
Accumulated depreciation—Equipment	(25,000)	(19,500)
Total	**4,42,900**	**4,27,500**
Accounts payable	27,700	24,100
Bonds payable	1,51,000	1,77,000
Common stock	1,46,000	1,18,000
Retained earnings	1,18,200	1,08,400
Total	**4,42,900**	**4,27,500**

Additional information:

1. Operating expenses included depreciation expense of Tk. 23,600 (Building Tk. 12,000 + Equipment Tk. 11,600) and prepaid expense charges of Tk. 3,100.
2. Land was sold for cash at book value.
3. Cash dividend of Tk. 22,000 was paid.
4. Net income for 2025 was Tk. 31,800.
5. Equipment was purchased for Tk. 43,000 cash; equipment costing Tk. 9,000 with a book value of Tk. 2,900 was sold for Tk. 3,600 cash.
6. Bonds of Tk. 26,000 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 Ovijaan Traders is given below:

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

Accounts payable		44,000
Cash	30,500	
Accounts receivables	43,600	
Merchandise inventory	1,01,000	
Land	1,01,000	
Building	2,20,000	
Accumulated depreciation—Building		61,000
Equipment	93,000	
Accumulated depreciation—Equipment		48,000
Notes payable		57,000
Capital		3,02,300
Drawing	12,600	
Sales revenue		10,03,000
Sales discount	5,100	
Cost of goods sold	7,90,400	
Salary expenses	78,000	
Utilities expenses	21,500	
Repair expenses	6,600	
Gas & Oil expense	8,000	
Insurance expense	4,000	
Total	**15,15,300**	**15,15,300**

Additional Information:

(i) Depreciation on Building BDT 11,000; on Equipment BDT 10,000.
(ii) Interest of BDT 8,000 is due on notes payable on 31 December.
(iii) Actual merchandise inventory on hand is BDT 97,200.
(iv) Salaries expenses are 80% selling and 20% administration.
(v) Utilities, repair, and insurance expenses are 100% administrative.
(vi) BDT 17,500 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) Cash basis vs. Accrual basis of accounting	2
(b) Depreciation vs. Amortization	2
(c) Trial Balance vs. Adjusted Trial Balance	2
(d) Journal vs. Ledger	2
(e) Current Ratio vs. Quick Ratio	2
(f) Gross Profit vs. Net Profit	2
(g) Perpetual vs. Periodic Inventory System	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) Define unearned revenue.	4

— End of Question Paper —

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