

**DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ASKED TO DO SO**

**PAPER-II**

**Code No.: 021802FAGB-III**

**BOOKLET FOR OBJECTIVE TYPE TEST**

**Answer *all* the Questions.**

**Full Marks : 100**

**Time Allowed : 1.30 Hours**

**GENERAL INSTRUCTIONS**

**Candidates should read the following instructions carefully before answering the questions:**

1. Verify the seriality of the page numbers. If there is any discrepancy, bring it to the Invigilator's notice.
2. All the boxes, ovals and the entries in the Answer Sheet must be filled up using **Black Ball-Point Pen** only.
3. Before you mark in the Answer Sheet, please fill the following in the appropriate places:
  - Write name of the **Examination Centre**.
  - Write your full name in **Capital Letters**.
  - Put your Left Thumb Impression and full signature.
  - Write your Roll No. (10 digits) and darken the corresponding 10 ovals.
  - Darken the oval corresponding to your **Category**.
  - Darken the oval to denote your **Gender**.



4. All questions are of Multiple Choice answer type. Please darken only one of the four probable answers [A], [B], [C] or [D]. Darkening more than one oval means you are writing a wrong answer.
5. There will be negative marking for each wrong answer @1:4.
6. There are blank pages at the end of this Booklet for rough work.
7. **Hand over the OMR Answer Sheet to the Invigilator before leaving the Examination Hall.**
8. Please do not leave the Examination Hall until the examination is over.
9. Please do not fold, scratch, scrimp or tear any portion of the Answer Sheet by any chance as this will render the Answer Sheet unsuitable for computer evaluation. Keep the Sheet away from gum.
10. Please ensure that the blank dotted line along the left side of margin of side 1 as also the right side of side 2 is not damaged in any way as it may affect the computer evaluation.
11. If error is detected in any particular question the candidates are advised not to attempt the same. The Commission do not award any marks to questions having any type of error.

1. Which of the following assets does not depreciate?

- (A) Machinery and equipment
- (B) Patents
- (C) Land
- (D) Furniture

2. A withdrawal of cash from business by the proprietor of the firm should be credited to

- (A) Capital Account
- (B) Cash Account
- (C) Drawing Account
- (D) Proprietor's Account

3. Goodwill account is a

- (A) Nominal Account
- (B) Real Account
- (C) Personal Account
- (D) None of the above

4. Cash sales are recorded in

- (A) Sales Book
- (B) Cash Book
- (C) Journal
- (D) Purchase Book

5. Error of Commission do not permit

- (A) the trial balance to agree.
- (B) correct the total of balance sheet.
- (C) correct totalling of trial balance.
- (D) None of the above

6. A bill of exchange is drawn by a

- (A) Creditor
- (B) Debtor
- (C) Shareholder
- (D) Debentureholder

7. Any donation received for a specific purpose is a

- (A) Liability
- (B) Assets
- (C) Revenue receipts
- (D) Capital receipts

8. An accountant is mainly concerned with

- (A) Audit work
- (B) Preparation of budget for his employees
- (C) Management Consultancy Services
- (D) Filing of tax returns

9. Window dressing is prohibited due to

- (A) Convention of conservatism
- (B) Convention of disclosure
- (C) Convention of materiality
- (D) Accrual concept

10. Which of the following are not current liabilities?

- (A) Bank overdraft
- (B) Redeemable debenture
- (C) Provision for doubtful debts
- (D) Accounts payable

11. The term "Imprest system" is used in relation to
- (A) Purchase book
  - (B) Sales book
  - (C) Cash book
  - (D) Petty cash book
12. Assets appearing in the book but having no value are known as
- (A) Wasting assets
  - (B) Intangible assets
  - (C) Current assets
  - (D) Fictitious assets
13. Cost of goods sold Rs. 13,300, Gross Profit in Rs. 3,200, Net profit Rs. 700, what is the amount of sales?
- (A) Rs. 14,000
  - (B) Rs. 10,100
  - (C) Rs. 16,500
  - (D) Rs. 17,200
14. Generally, under single entry system
- (A) Only personal accounts are maintained.
  - (B) Only personal cash and bank accounts are maintained.
  - (C) All accounts are maintained.
  - (D) No account is maintained.
15. If the rate of gross profit on sales is 25% and the cost of goods sold is Rs. 75,000, then the amount of total sales will be
- (A) Rs. 1,00,000
  - (B) Rs. 93,750
  - (C) Rs. 92,150
  - (D) Cannot be known
16. Total debtors account will be affected by
- (A) Cash sales
  - (B) Credit sales
  - (C) B/R closing balance
  - (D) All of the above
17. The term depletion is used in relation to
- (A) Fixed assets
  - (B) Wasting assets
  - (C) Current assets
  - (D) Intangible assets
18. Charging a period for the proportional cost of an intangible asset is termed as
- (A) Depreciation
  - (B) Diminution
  - (C) Amortisation
  - (D) Expiration
19. Obsolescence means decline in the value due to
- (A) fall in the market price.
  - (B) physical wear and tear.
  - (C) innovations and inventions.
  - (D) efflux of time.
20. If the operating expenses exceed gross profit the excess is referred to as
- (A) Operating income
  - (B) Operating loss
  - (C) Non-operating expenses
  - (D) Non-operating income

21. The fundamental accounting equation,  $\text{Assets} = \text{Equities} + \text{Liabilities}$  is the formal expression of

- (A) dual aspect concept.
- (B) matching concept.
- (C) going concern concept.
- (D) money measurement concept.

22. An asset is never reduced to zero in the

- (A) fixed instalment method.
- (B) reducing balance method.
- (C) annuity method.
- (D) sum of years method.

23. Given that: Opening capital Rs. 5,000; Closing capital Rs. 6,000; Drawing Rs. 1,000; and New capital invested Rs. 500; then the profit for the year will be

- (A) Rs. 2,000
- (B) Rs. 1,500
- (C) Rs. 1,000
- (D) Rs. 500

24. Accounting records transactions in terms of

- (A) Commodity units
- (B) Monetary units
- (C) Production units
- (D) None of the above

25. Renewal fee for patents is a

- (A) Capital expenditure
- (B) Revenue expenditure
- (C) Deferred revenue expenditure
- (D) Development expenditure

26. Depreciation is

- (A) a source of fund.
- (B) a use of fund.
- (C) neither a source nor a use of fund.
- (D) partly a source and partly an application of fund.

27. Preliminary expenses are an example of

- (A) Revenue expenditure
- (B) Capital expenditure
- (C) Deferred revenue expenditure
- (D) All of the above

28. Accounting standard-10 does not deal with the following fixed assets:

- (A) Goodwill
- (B) Patents
- (C) Trade marks
- (D) Livestock

29. Which item is shown on the debit side of a trial balance?

- (A) Purchase returns
- (B) Rent outstanding
- (C) Prepaid expenses
- (D) None of the above

30. Which of the following shows the chronological record of transactions?

- (A) Journal
- (B) Ledger
- (C) Trial balance
- (D) None of the above

31. Debit balance of a pass book is a  
 (A) Plus balance  
 (B) Minus balance  
 (C) Either plus or minus  
 (D) Neither plus nor minus
32. Which of the following is an accounting equation?  
 (A)  $\text{Capital} = \text{Assets} + \text{Liabilities}$   
 (B)  $\text{Capital} = \text{Assets} - \text{Liabilities}$   
 (C)  $\text{Assets} = \text{Liabilities} - \text{Capital}$   
 (D)  $\text{Liabilities} = \text{Assets} + \text{Capital}$
33. Which of the following accounts would have zero balance after closing entries have been posted?  
 (A) Interest earned account  
 (B) Machinery account  
 (C) Accounts payable  
 (D) Accumulated Depreciation account
34. Closing stock appearing in the Trial Balance will be taken to  
 (A) Trading account only  
 (B) Balance Sheet only  
 (C) Trading account and Balance Sheet  
 (D) Profit and Loss account only
35. Credit may signify  
 (A) Decrease in assets  
 (B) Increase in liability  
 (C) Increase in capital account  
 (D) All of the above
36. Which of the following is a nominal account?  
 (A) Bills payable  
 (B) Bills receivable  
 (C) Debtors  
 (D) Stationary
37. Which of the following Cash Book is treated as a 'Cash account'?  
 (A) Single-column Cash book  
 (B) Two-column Cash book  
 (C) Three-column Cash book  
 (D) Petty Cash book
38. Inventory is classified as a  
 (A) Fixed Asset  
 (B) Current Asset  
 (C) Fictitious Asset  
 (D) None of the above
39. Which of the following is not an example of Revenue expenditure?  
 (A) Machinery  
 (B) Salaries  
 (C) Electricity charges  
 (D) Travelling expenses
40. As per Garner V. Murry rule, the loss resulting from a partner's insolvency is borne by other partners in  
 (A) equal ratio  
 (B) their capital ratio  
 (C) their profit sharing ratio  
 (D) 3 : 1 ratio

41. PRO-RATA allotment ratio is used in the situation of

- (A) Over Subscription
- (B) Under Subscription
- (C) Extra Subscription
- (D) None of the above

42. The Debentures of a company is the source of

- (A) Loan capital
- (B) Own capital
- (C) Internal capital
- (D) None of the above

43. The user of financial statement analysis are

- (A) Shareholders
- (B) Management
- (C) Creditors
- (D) All of the above

44. Ideal liquidity ratio is

- (A) 2 : 1
- (B) 1 : 1
- (C) 3 : 1
- (D) 1 : 3

45. Debt-Equity ratio indicates

- (A) Profitability
- (B) Solvency
- (C) Efficiency
- (D) Liquidity

46. If Net profit is Rs. 20,000 and Net sales is Rs. 1,00,000 then Net profit ratio will be

- (A) 10%
- (B) 20%
- (C) 25%
- (D) None of the above

47. The Accounting Standard (AS) which refers to prepare Cash Flow Statement is

- (A) AS-3
- (B) AS-4
- (C) AS-13
- (D) AS-16

48. Purchase of Goodwill is an

- (A) Investing activity
- (B) Financing activity
- (C) Operating activity
- (D) None of the above

49. Odd one out of the followings:

- (A) Goodwill Written off
- (B) Provision for Taxation
- (C) Depreciation on Plant
- (D) Sale of Building

50. The revenue producing activities of a business concern is called

- (A) Operating activities
- (B) Financing activities
- (C) Investing activities
- (D) None of the above

51. Payment of interim dividend is a  
 (A) source of fund.  
 (B) application of fund.  
 (C) no flow of fund.  
 (D) All of the above
52. When current ratio is 4 : 1 and the amount of current liabilities is Rs. 12,000, what is the amount of assets?  
 (A) Rs. 12,000  
 (B) Rs. 4,000  
 (C) Rs. 48,000  
 (D) Rs. 60,000
53. If profit is one-fourth of selling price, the share of profit to cost will be  
 (A)  $\frac{1}{3}$   
 (B)  $\frac{1}{4}$   
 (C)  $\frac{1}{5}$   
 (D)  $\frac{1}{6}$
54. The main objective of Accounting Standards is  
 (A) to prepare the accounting reports which is easily understood by common man.  
 (B) to comply with the legal formalities.  
 (C) to harmonise the diversified accounting practices.  
 (D) to comply with the requirements of the International Accounting Standard. (IAS)
55. Performance evaluation of a responsibility centre can be done by  
 (A) ROI  
 (B) Return on Sales  
 (C) EVA  
 (D) All of the above
56. Which of the following ratios are taken into consideration by a banker before sanctioning the loan?  
 (A) Proprietary ratio  
 (B) Stock-Turnover ratio  
 (C) Debt-Equity ratio  
 (D) All of the above
57. The Manufacturing Account is closed by transferring its balance to the debit side of the  
 (A) Profit and Loss account  
 (B) Trading account  
 (C) Balance Sheet  
 (D) None of the above
58. A Bank Reconciliation Statement is prepared by  
 (A) Bank  
 (B) Creditors  
 (C) Debtors  
 (D) Business Firm
59. A business transaction affects  
 (A) at least one account.  
 (B) at least two accounts.  
 (C) maximum of two accounts.  
 (D) maximum of three accounts.
60. Charging of capital expenditure to revenue results in  
 (A) Revenue Reserve  
 (B) Capital Reserve  
 (C) Secret Reserve  
 (D) None of the above

61. Payment for goods purchased should be vouched with the help of
- (A) creditors' statement
  - (B) correspondence with the suppliers
  - (C) cash memos
  - (D) ledger accounts
62. Which of the following statement is correct?
- (A) Valuation is a part of verification.
  - (B) Verification is a part of valuation.
  - (C) Valuation has nothing to do with verification.
  - (D) Auditor is a valuer.
63. Stock should be valued at
- (A) Cost
  - (B) Market price
  - (C) Cost or market price whichever is lower
  - (D) Cost less depreciation
64. First auditor of a company is appointed by the
- (A) Shareholders
  - (B) Central Government
  - (C) Company Law Board
  - (D) Board of Directors
65. For misstatement in a company prospectus the auditor incurs
- (A) Civil liability
  - (B) Criminal liability
  - (C) Contractual liability
  - (D) None of the above
66. An auditor is like a
- (A) Mad dog
  - (B) Watch dog
  - (C) Foolish dog
  - (D) Watchman
67. Auditing means
- (A) Detection and prevention of frauds.
  - (B) Detection and prevention of errors and frauds.
  - (C) Controlling of accounts.
  - (D) None of the above
68. Which of the following is called 'Backbone of Auditing'?
- (A) Routine checking
  - (B) Vouching
  - (C) Internal checks
  - (D) Internal control
69. The first auditors appointed to hold office
- (A) for a period of one year.
  - (B) for a period till new auditors are appointed.
  - (C) till the conclusion of the first annual general meeting.
  - (D) till the holding of statutory meeting of the company.
70. Vouching relates to
- (A) Cash receipts
  - (B) Cash payments
  - (C) Credit transactions
  - (D) All of the above



71. Co-operative Societies in India are registered under which of the following act?

- (A) Co-operative Societies Act, 1912
- (B) Banking Regulation Act, 1949
- (C) Reserve Bank of India Act, 1934
- (D) Companies Act, 1956

72. Primary Urban Co-operative Bank established with the aim of giving delivering banking services in \_\_\_\_\_ areas.

- (A) Rural
- (B) Metro
- (C) Urban
- (D) Villages

73. KYC stands for

- (A) Know Your Clientele
- (B) Know Your Customer
- (C) Know Your Company
- (D) Know Your Corporation

74. \_\_\_\_\_ is simply the use of electronic means to transfer funds directly from an account to another, rather than by cheque or cash.

- (A) Mu-Banking
- (B) T-Banking
- (C) E-Banking
- (D) D-Banking

75. ATM Stands for

- (A) Automatic Teller Machine
- (B) Automated Transfer Machine
- (C) Automated Teller Machine
- (D) All Time Money

76. The other name of UID project is

- (A) Aadhaar
- (B) Pehchaan
- (C) Parichay
- (D) Swadhar

77. Which of the following programs aim at the promotion of savings among rural women?

- (A) Rashtriya Mahila Kosh
- (B) Mahila Samriddhi Yojana
- (C) Indira Mahila Yojana
- (D) Jawahar Rozgar Yojana

78. The financial year in India begins from

- (A) 1st March
- (B) 1st April
- (C) 1st July
- (D) 1st January

79. A centralized database with online connectivity to branches Internet as well as ATM-network which has been adopted by almost all major banks of our country is known as

- (A) Investment Banking
- (B) Mobile Banking
- (C) Core Banking
- (D) Internet Banking

80. Which of the following is not a Public Sector Bank?

- (A) United Bank of India
- (B) Syndicate Bank
- (C) UCO Bank
- (D) Federal Bank

- 81.** Micro Credit in India belongs to  
 (A) Semi-Commercial Banking  
 (B) Commercial Banking  
 (C) Non-Banking Finance  
 (D) Co-operative Banking
- 82.** Which of the following is known as plastic money?  
 (A) Bearer Cheque  
 (B) Credit Card  
 (C) Demand Draft  
 (D) Gift Cheque
- 83.** Who will settle the grievances of customers of banks?  
 (A) Reserve Bank of India  
 (B) State Bank of India  
 (C) Local Courts  
 (D) Ombudsmen
- 84.** NABARD refinance for financing Self Help Groups is to the extent of  
 (A) 25%  
 (B) 50%  
 (C) 75%  
 (D) 100%
- 85.** Who is authorised to issue Coin in India?  
 (A) RBI  
 (B) Ministry of Finance  
 (C) SBI  
 (D) SEBI
- 86.** Bharat Nirman Yojana is associated with the development of which of the following?  
 (A) Urban Infrastructure  
 (B) Rural Infrastructure  
 (C) Bridges and Roads  
 (D) Information Technology
- 87.** Which of the following act has specially been launched to facilitate banks in recovery of bad loans?  
 (A) RBI Act  
 (B) Banking Regulation Act  
 (C) Companies Act  
 (D) SARFAESI Act
- 88.** How does a bank establish the identity of a customer?  
 (A) By getting introduction of an existing customer  
 (B) By following KYC norms  
 (C) By taking AADHAAR Card copy  
 (D) All of the above
- 89.** What was the objective of starting Co-operative banking in India?  
 (A) To act as competitors to Commercial banks  
 (B) To be solely for the agricultural sector  
 (C) To start self help groups  
 (D) To replace moneylenders and indigenous bankers
- 90.** Which is the card that looks like anyother plastic card or an ATM card with Integrated circuit (IC chip)?  
 (A) Member Card  
 (B) Charge Card  
 (C) Credit Card  
 (D) Smart Card

91. A Savings Bank Account opened with a commercial bank with Zero balance or very minimal balance is known as

- (A) Savings Bank Ordinary account
- (B) Student Savings Bank account
- (C) No-Frill account
- (D) Current account

92. Financial inclusion is meant for

- (A) Less Privileged persons
- (B) Senior citizens
- (C) Micro finance institutions
- (D) All of the above

93. Who regulates the money circulation in India?

- (A) S.B.I.
- (B) R.B.I.
- (C) NABARD
- (D) None of the above

94. Presently the number of Public Sector Banks in India is

- (A) 8
- (B) 20
- (C) 28
- (D) 14

95. A cheque bearing the date earlier than the date of submission to the bank, is known as

- (A) Bearer Cheque
- (B) State Cheque
- (C) Crossed Cheque
- (D) Post-dated Cheque

96. A banker's 'Fixed Deposit' is also referred to as a

- (A) Term deposit
- (B) Savings bank deposit
- (C) Current deposit
- (D) Demand deposit

97. Which of the following is one of the main functions of R.B.I.?

- (A) Regulation of the Stock Market
- (B) Regulation of General Insurance
- (C) Regulation of Mutual Funds
- (D) Bank's Bank

98. R.B.I. allowed bank to merge, shift or close branches in

- (A) Rural area
- (B) Semi-rural area
- (C) Urban area
- (D) None of the above

99. The ratio of deposits to loan of a bank is known as

- (A) NPA Coverage ratio
- (B) Return on Assets ratio
- (C) Asset Coverage ratio
- (D) CD ratio

100. Interest on savings deposit now-a-days is

- (A) fixed by RBI.
- (B) fixed by respective banks.
- (C) fixed by the depositors.
- (D) not paid by the bank.