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PAPER-II

Code No.: 021802FAGB-I

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. How can we classify the 'Cash Book'?
 - (A) Journal
 - (B) Ledger
 - (C) Journalised Ledger
 - (D) All of the above

2. Budgeting is difficult to apply in the following cases:
 - (A) Products subjected to rapid changes
 - (B) Job order manufacturing
 - (C) Uncertain market conditions
 - (D) All of the above

3. Net profit is calculated in the
 - (A) Profit and loss account
 - (B) Balance sheet
 - (C) Trial balance
 - (D) Trading account

4. Patents, Copyrights and Trademarks are
 - (A) Current assets
 - (B) Fixed assets
 - (C) Intangible assets
 - (D) Investments

5. Which of the following is correct?
 - (A) Profit reduces capital
 - (B) Profit increases capital
 - (C) Capital can only come from profit
 - (D) Profit does not alter capital

6. The debts, which are to be repaid within a short period (year or less) are known as
 - (A) Current liabilities
 - (B) Fixed liabilities
 - (C) Contingent liabilities
 - (D) All of the above

7. Suppliers' personal accounts are found in the
 - (A) Sales ledger
 - (B) Nominal ledger
 - (C) Purchases ledger
 - (D) General ledger

8. Any written evidence in support of a business transaction is called
 - (A) Journal
 - (B) Ledger
 - (C) Ledger posting
 - (D) Voucher

9. Posting' the transactions in bookkeeping means
 - (A) making the second entry of a double entry transaction.
 - (B) entering items in a cash book.
 - (C) making the first entry of a double entry transaction.
 - (D) something other than the above.

10. Accounting provides information on
 - (A) cost and income for managers.
 - (B) company's tax liability for a particular year.
 - (C) financial conditions of an institution.
 - (D) All of the above

11. The Sales Day Book is best described as
- containing customers' accounts.
 - containing real accounts.
 - part of the double entry system.
 - a list of credit sales.
12. The following is (are) the current liability (ies)
- Bills payable
 - Outstanding expenses
 - Bank Overdraft
 - All of the above
13. The following is not a type of liability:
- Short term
 - Current
 - Fixed
 - Contingent
14. If you want to make sure that your money will be safe if Cheques sent are lost in the post, you should
- always pay by cash.
 - Cross your Cheques 'Account Payee only, Not Negotiable'.
 - always take the money in person.
 - not use the postal service in future.
15. Lower the Debt Equity ratio
- Lower the protection to creditors
 - Higher the protection to creditors
 - It does not affect creditors
 - None of the above
16. Sales expenditure budget is prepared by estimating the expense(s) of
- Advertisement
 - Market analysis
 - Salesman's salary
 - All of the above
17. A cash discount is best described as a reduction in the sum to be paid:
- if payment is made by cash, not cheque.
 - if purchases are made for cash, not on credit.
 - if payment is made either by cash or cheque.
 - if payment is made within a previously agreed period.
18. The following is a statement of revenues and expenses for a specific period of time:
- Trading account
 - Trial balance
 - Profit and loss statements
 - Balance sheet
19. A higher inventory ratio indicates
- Better inventory management
 - Quicker turnover
 - Both (A) and (B)
 - None of the above
20. Which of the following statement is incorrect?
- $\text{Assets} - \text{Capital} = \text{Liabilities}$
 - $\text{Liabilities} + \text{Assets} = \text{Capital}$
 - $\text{Assets} - \text{Liabilities} = \text{Capital}$
 - $\text{Liabilities} + \text{Capital} = \text{Assets}$

21. In order to obtain cash for its credit sales, the duly accepted domestic sale invoices are assigned by the seller in favour of a 3rd party. Such purchase of receivables by the said 3rd party with or without recourse is called

- (A) Securitisation
- (B) Factoring
- (C) Bills discounting
- (D) Forfeiting

22. A cooperative society of farmers to dispose off the produce of farmers, can be allowed maximum loan of Rs. _____.

- (A) 1 cr
- (B) 1 cr
- (C) 5 cr
- (D) 5 cr

23. Decision regarding classification of crop being short duration or long duration is taken by the bank concerned in each State:

True / False

24. The term TReDS, in the context of financing of working capital of MSME, means

- (A) Trade Receivables Discounting System.
- (B) Time Receivables Discounting System.
- (C) Trade Related Discounting System.
- (D) Trade Receivables Distribution System.

25. A non-banking financial company which carries on the business of acquisition of shares and securities and satisfies certain conditions, is called

- (A) Investment company
- (B) Financial company
- (C) Non-bank finance company
- (D) Core investment company

26. What is the maximum ceiling on Foreign Direct Investment (FDI) for investment in the equity of public sector banks in India?

- (A) 20%
- (B) 26%
- (C) 49%
- (D) 51%
- (E) 74%

27. Core investment companies will be treated as systemically important core Investment Company, if its assets size is Rs. _____.

- (A) 50 cr and above
- (B) 100 cr and above
- (C) 200 cr and above
- (D) 500 cr and above

28. Listed companies are required to disclose their annual audited results within _____ from close of the financial year.

- (A) 15 days
- (B) 30 days
- (C) 45 days
- (D) 60 days

29. The interest subvention is available under National Rural Livelihood Mission (NRLM) scheme to the extent of

- (A) 2%
- (B) 3%
- (C) 4%
- (D) Difference between lending rate and 7%

30. Which of the following is not part of direct agriculture advances in priority sector?

- (A) Dairy advance to farmer
- (B) Piggery advance to farmer
- (C) Bee keeping advance to farmer
- (D) Agri-clinics & agro-business centres

31. A company limited by shares has to call the statutory meeting within a period of not less than one month and not more than six months. This period is counted with reference to which one of the following?

- (A) The date of incorporation
- (B) The date at which the company is entitled to commence business
- (C) The date of actual receipt of certificate of incorporation
- (D) The date of actual commencement of business

32. If an account became sub-standard on March 30, 2011 and the balance is Rs.10 lac and security value of Rs. 6 lac. The amount of provision as on 31.3.2015 would be

- (A) Rs. 5 lac
- (B) Rs. 6 lac
- (C) Rs. 7.5 lac
- (D) Rs. 10 lac

33. Which of the following methods can be conveniently used for providing finance to infrastructure projects?

- (A) Securitisation
- (B) Factoring
- (C) Credit syndication
- (D) Take out financing

34. The account became doubtful on Feb. 12, 2012. The balance is Rs. 6 lac. The amount of provision as on March 31, 2015 will be

- (A) Rs. 1.20 lac
- (B) Rs. 1.80 lac
- (C) Rs. 3.00 lac
- (D) Rs. 6 lac

35. Who is the monitoring authority of the financial affairs of an urban co-operative bank?

- (A) SBI
- (B) RBI
- (C) Cooperative bank of India
- (D) UBI

36. General Insurance Corporation of India was set up in

- (A) 1956
- (B) 1972
- (C) 1980
- (D) 2000

37. RBI treats Core Investment Companies having an asset size of _____ as systemically important core investment companies.

- (A) Rs. 10 crore and above
- (B) Rs. 50 crore and above
- (C) Rs. 100 crore and above
- (D) Rs. 200 crore and above

38. A/c of ABC, has become doubtful with balance of Rs. 6 lac. The collateral security value is Rs. 3 lac and principal security Rs. 2 lac. Guarantors' net worth is Rs. 10 lac. What will be provision amount for this more than 1 year and up to 3 years doubtful account as on March 31, 2015?

- (A) Rs. 1.50 lac
- (B) Rs. 2.50 lac
- (C) Rs. 3.00 lac
- (D) Rs. 5 lac

39. An unsecured sub-standard loan would mean a loan, where was allowed without any security or security value is _____ or less of the outstanding ab initio

- (A) 10%
- (B) 15%
- (C) 25%
- (D) 50%
- (E) 100%

40. ESOP stands for

- (A) Efficient Servicing of Promises
- (B) Employees' Service Option Projects
- (C) Employees Stock Option Plan
- (D) Effective System of Projects

41. Bank A & Bank B have allowed loan on consortium basis. Loan is irregular with Bank A for 120 days and with bank B for 18 months. The classification of account should be as

- (A) sub-standard account by both the banks.
- (B) sub-standard with Bank A and doubtful with Bank B.
- (C) doubtful by both the banks.
- (D) in consortium account, NPA rules are not applicable.

42. Banks are required to classify NPA accounts

- (A) into 2 categories i.e. doubtful and loss accounts.
- (B) into 3 categories i.e. sub-standard, doubtful and loss accounts.
- (C) into 4 categories i.e. special mention accounts, sub-standard, doubtful and loss account.
- (D) into 4 categories i.e. standard accounts, sub-standard, doubtful and loss account.

43. Depletion method of depreciation is used in case of

- (A) Cattle, Loose Tools, etc.
- (B) Mines, Quarries, etc.
- (C) Machinery, Building, etc.
- (D) Books

44. Interest rate on a debt security (say Govt. bonds) which issuer pay's to holder till maturity

- (A) Interest
- (B) Yield
- (C) Floating rate
- (D) Coupon rate

45. Operating profits in bank's profit and loss account refer to

- (A) Net profits
- (B) Profits before contingencies
- (C) Profits before provisions and contingencies
- (D) Profits after provisions and contingencies

46. A crop loan given by a bank

- (a) is restricted to Rs. 10 lac
 - (b) is need based
 - (c) is on the basis of scale of finance determined by the bank
 - (d) is on the basis of scale of finance determined by Distt. Technical committee:
- (A) (a) and (d) correct
 - (B) (b) and (d) correct
 - (C) (a) and (c) correct
 - (D) (b) and (c) correct

47. The liability of the shareholders of a public limited company is limited to the extent of

- (A) Par value of the share
- (B) Paid up value of the shares
- (C) Market price of the shares
- (D) Intrinsic value of the shares

48. Which among the following is not correct in the context of a loss account?

- (A) If the security depletes and value remains less than 10% of the balance, account shall be treated loss account.
- (B) Loss account is required to be written off by the banks.
- (C) If bank decides not to write off, 100% provision is required.
- (D) Loss account can be referred to CDR for restructuring.

49. In a public limited company, the minimum number of directors are

- (A) 2
- (B) 3
- (C) 5
- (D) None of the above

50. To promote a joint venture or a subsidiary for with risk insurance business of underwriting, the minimum net worth of the bank should be

- (A) Rs. 200 cr
- (B) Rs. 500 cr
- (C) Rs. 1000 cr
- (D) Rs. 2000 cr

51. Carriage inward is charged to the trading account because
- (A) carriage outwards goes in the profit and loss account.
 - (B) it is an expense connected with buying goods.
 - (C) it is not part of motor expenses.
 - (D) it should go in the balance sheet.
52. The process of entering all transactions from the journal to ledger is called
- (A) Posting
 - (B) Entry
 - (C) Accounting
 - (D) None of the above
53. The total of the 'Discounts Allowed' column in the Cash Book is posted to
- (A) the debit of the Discounts Received account.
 - (B) the debit of the Discounts Allowed account.
 - (C) the credit of the Discounts Allowed account.
 - (D) the credit of the Discounts Received account.
54. The following is a statement showing the financial status of the company at any given time:
- (A) Trading account
 - (B) Profit and Loss statements
 - (C) Balance sheet
 - (D) Cash book
55. Sales invoices are first entered in
- (A) The Cash Book
 - (B) The Purchases Journal
 - (C) The Sales Journal
 - (D) The Sales Account
56. The ratios that refer to the ability of the firm to meet the short term obligations out of its short term resources
- (A) Liquidity ratio
 - (B) Leverage ratios
 - (C) Activity ratios
 - (D) Profitability ratios
57. Current ratio =
- (A) Quick assets / Current liabilities
 - (B) Current assets / Current liabilities
 - (C) Debt. / Equity
 - (D) Current assets / Equity
58. The credit entry for net profit is on the credit side of
- (A) The trading account
 - (B) The drawings account
 - (C) The capital account
 - (D) The profit and loss account
59. Liquid or Quick assets =
- (A) Current assets – (stock + work in progress)
 - (B) Current assets + stock + work in progress
 - (C) (Current assets + stock) + work in progress
 - (D) (Current assets + work in progress) – stock
60. When banking money is in to your current account you should always use
- (A) A general ledger
 - (B) A cheque book
 - (C) A cash book
 - (D) A paying-in slip

61. Return on Investment Ratio (ROI) =
 (A) $(\text{Gross profit} / \text{Net sales}) \times 100$
 (B) $(\text{Gross profit} \times \text{Sales} / \text{Fixed assets}) \times 100$
 (C) $(\text{Net profit} / \text{Sales}) \times 100$
 (D) $(\text{Net profit} / \text{Total assets}) \times 100$
62. Discounts received are
 (A) deducted by us when we pay our accounts.
 (B) deducted when we receive cash.
 (C) given by us when we sell goods on credit.
 (D) None of the above
63. Which of the following are personal accounts?
 (i) Buildings
 (ii) Wages
 (iii) Debtor
 (iv) Creditors
 (A) (ii) and (iii) only
 (B) (i) and (iv) only
 (C) (ii) and (iv) only
 (D) (iii) and (iv) only
64. A Master Budget consists of
 (A) Sales budget
 (B) Production budget
 (C) Material budget
 (D) All of the above
65. Balance sheets are prepared
 (A) Daily
 (B) Weekly
 (C) Monthly
 (D) Annually
66. Which of the following is not an Asset?
 (A) Building
 (B) Debtors
 (C) Loan from K Harris
 (D) Cash Balance
67. Balance sheet is a statement of
 (A) Assets
 (B) Liability
 (C) Capital
 (D) All of the above
68. Which of the following is a Liability?
 (A) Motor Vehicles
 (B) Machinery
 (C) Creditors for Goods
 (D) Cash at Bank
69. Which of the following best describes the meaning of 'Purchases'?
 (A) Goods bought on credit
 (B) Goods paid for
 (C) Goods bought for resale
 (D) Items bought
70. Which of the following should not be called 'Sales'?
 (A) Goods sold for cash
 (B) Sale of item previously included in 'Purchases'
 (C) Office fixtures sold
 (D) Goods sold on credit

71. The liabilities that are payable in more than a year and are not be liquidated from current assets

- (A) Current liabilities
- (B) Fixed liabilities
- (C) Contingent liabilities
- (D) All of the above

72. Is it true that the trial balance totals should agree?

- (A) No, there are sometimes good reasons why they differ.
- (B) Yes, always.
- (C) Yes, except where the trial balance is extracted at the year end.
- (D) No, because it is not a balance sheet.

73. A Low Return on Investment Ratio (ROI) indicates

- (A) Improper utilization of resources
- (B) Over investment in assets
- (C) Both (A) and (B)
- (D) None of the above

74. In journal, the business transaction is recorded

- (A) Same day
- (B) Next day
- (C) Once in a week
- (D) Once in a month

75. To find the value of closing stock at the end of a period we

- (A) do this by stocktaking.
- (B) deduct cost of goods sold from sales .
- (C) deduct opening stock from cost of goods sold.
- (D) look in the stock account.

76. The descending order in which current assets should be shown in the balance sheet is

- (A) Debtors, Stock, Bank, Cash
- (B) Cash, Bank, Debtors, Stock
- (C) Stock, Debtors, Cash, Bank
- (D) Stock, Debtors, Bank, Cash

77. Which of these best describes fixed assets?

- (A) Are bought to be used in the business
- (B) Are expensive items bought for the business
- (C) Are items which will not wear out quickly
- (D) Are of long life and are not bought specifically for resale

78. The following is also known as External Internal Equity ratio

- (A) Current ratio
- (B) Acid test ratio
- (C) Debt Equity ratio
- (D) Debt service coverage ratio

79. The costs of putting goods into a saleable condition should be charged to

- (A) Trading account
- (B) Profit and loss account
- (C) Balance sheet
- (D) None of the above

80. The sales (Credit and Cash) of a business during a given period is called

- (A) Transactions
- (B) Sales returns
- (C) Turnover
- (D) Purchase returns

81. Which statement is not true in respect of a Balance Sheet?

- (A) It is an account.
- (B) It is prepared every month.
- (C) It is prepared to check the mathematical accuracy.
- (D) All the above

82. From the information given below, calculate Debt service coverage Ratio—

Net profit after interest and Tax Rs. 40,000, Depreciation Rs. 5,000, Rate of Income Tax 50%, 10% Mortgage Debentures Rs. 60,000. Fixed Interest Charges Rs. 6,000, Debenture Redemption Fund Appropriation of Outstanding Debentures 10%.

- (A) 4.06 times
- (B) 5.06 times
- (C) 6.06 times
- (D) 7.06 times

83. Narrow money is the term in monetary aggregates which is represented by

- (A) M1
- (B) M2
- (C) M3
- (D) M4

84. In connection with marine insurance the 'Doctrine of Utmost Good Faith' is based on the concept of

- (A) Disclosure
- (B) Concealment
- (C) Misrepresentation
- (D) None of the above

85. 'Salvage Charges' is related to

- (A) Life Insurance
- (B) Marine Insurance
- (C) Fire Insurance
- (D) None of the above

86. In 'Life Insurance Contract' the insurable interest is examined at the time of

- (A) Entering the contract
- (B) Filing the claim
- (C) Both (A) and (B)
- (D) None of the above

87. Net profit after tax of Rs. 2,00,000 is Rs. 4,00,000. Share capital is Rs. 8,00,000 and revenue reserve is Rs. 2,00,000. What is rate of return on equity?

- (A) 40%
- (B) 50%
- (C) 60%
- (D) 75%

88. Core investment companies will be treated as systemically important core Investment Company, if its assets size is Rs. _____.

- (A) 50 cr and above
- (B) 100 cr and above
- (C) 200 cr and above
- (D) 500 cr and above

89. Share premium account can be used for

- (A) Paying tax liability
- (B) Meeting the cost of issue of shares or debentures
- (C) Paying Dividend on shares
- (D) Meeting the loss on sale of old asset

90. A core investment company must hold not less than _____ of its net assets in the form of investment in equity shares, preference shares, bonds, debentures, debt or loans in group companies.

- (A) 100%
- (B) 90%
- (C) 74%
- (D) 60%

91. Who controls the PACs (Primary Agricultural society)? (i) Registrar, of cooperative Society (ii) State Government, (NABARD)

- (A) Registrar, of cooperative Society
- (B) State Government
- (C) (NABARD)
- (D) All of the above

92. The time gap between closure date of a public issue and its listing on stock exchange, has been reduced by SEBI from _____ to _____.

- (A) 42 days to 30 days
- (B) 30 days to 22 days
- (C) 22 days to 12 days
- (D) 30 days to 15 days

93. Under the rating system called CAMELS, the term 'M' stands for which of the following?

- (A) Management of assets and liabilities
- (B) Management of non-performing assets
- (C) Management of human resources
- (D) Management effectiveness
- (E) Management policies

94. RBI's Model for Rating of Indian Banks is known as

- (A) CAMELS
- (B) CAMEL
- (C) eRATTNG
- (D) eCAMEL

95. What is the glaring example of corporate governance?

- (A) Amul
- (B) Reliance
- (C) Mother dairy
- (D) Unilever

96. An account became out of order on January 22, 2014. For a balance of Rs.10 lac, what will be amount of provision as on March 31, 2015, if the value of security is Rs.7 lac?

- (A) Rs. 2 lac
- (B) Rs. 1.50 lac
- (C) Rs. 3.70 lac
- (D) Rs. 4.40 lac

97. Which among the following is *not correct* statement in the context of provision on sub standard account?

- (A) If account is secured, provision at 15% and if unsecured, provision at 25%
- (B) For unsecured portion, provision is 100% and for secured portion 10%
- (C) If no security was taken at the time of sanction of loan, provision is 25%
- (D) If security was taken at the time of sanction of loan and is still intact, provision of 15% to be made.

98. Banks are required to ensure that while preparing their Annual Branch Expansion Plan (ABEP), they should allocate at least _____ of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.

- (A) 20%
- (B) 25%
- (C) 33%
- (D) 40%

99. As per Exchange Traded Currency Options (RBI) Directions 2010, the underlying for the currency option shall be _____ spot rate.

- (A) Euro-Indian Rupee spot rate
- (B) USD-Indian Rupee spot rate
- (C) USD & Euro -Indian Rupee spot rate
- (D) Pound-Indian Rupee spot rate

100. The stock-index futures contracts are the contracts relating to

- (A) Stocks of commodities
- (B) Stocks of industrial products
- (C) Stocks/shares being traded at stock exchanges
- (D) Stocks of InfoTech companies