

SSC CGL Tier-2 AAO 14th September 2018 Finance and Accounts

Instructions

For the following questions answer them individually

Question 1

A Trial Balance may be prepared according to Totals Method and ____ Method.

- A Deficit
- B Average
- C Surplus
- D Balance

Answer: D

Question 2

____ appears on the credit side of Manufacturing Account.

- A Purchase of Raw materials
- B Sale of By-product
- C Factory Rent
- D Sale of Fixed Asset

Answer: B

Question 3

According to the ____ concept of accounting, the life of the business is divided into appropriate segments for studying the results shown by the business after each segment.

- A Cost
- B Dual Aspect
- C Accounting Period
- D Realization

Answer: C

Question 4

On account of ____ convention, the inventory is valued 'at cost or market price whichever is less'.

- A Consistency
- B Conservatism
- C Full Disclosure
- D Materiality

Answer: B

Question 5

If the net sales are Rs.35,000, Net Purchases Rs.25,000 and the Closing Stock is Rs.5,000, what will be the amount of Gross Profit?

- A Rs.15,000
- B Rs.25,000
- C Rs.55,000
- D Rs.5,000

Answer: A

Question 6

Under ____ method of Inventory valuation, the issues of materials are made at the price of materials or goods which have been ordered but not yet received.

- A Last in First Out
- B First in First Out
- C Highest in First Out
- D Next in First Out

Answer: D

Question 7

A businessman can find out what his business owns and what it owes from _____.

- A Profit & Loss A/c
- B Balance Sheet
- C Ledger
- D Trading A/c

Answer: B

Question 8

The maker of a Bill Of Exchange is called the _____.

- A Payer
- B Payee
- C Drawee
- D Drawer

Answer: D

Question 9

___ system of depreciation is followed in case of those assets which are of small values or where the life of the asset cannot be ascertained with certainty.

- A Insurance policy
- B Inventory
- C Annuity
- D Sinking fund

Answer: B

Question 10

If a machine (having a scrap value of Rs.1,000) is purchased for Rs.10,000 and it has an effective life of 10 years of 1000 hours each, what will be the amount of depreciation per hour?

- A Rs.2.00
- B Rs.1.50
- C Re.1.00
- D Re.0.90

Answer: D

Question 11

The ___ concept of accounting presumes that an enterprise will continue in operation long enough to charge against income, the cost of fixed assets over their useful lives, to amortize over appropriate period other costs which have been deferred under the actual or matching concept, to pay liabilities when they become due and to meet the contractual commitments.

- A Separate Entity
- B cost
- C Going Concern
- D Money Measurement

Answer: C

Question 12

The _____ of a Non-Profit Organisation gives a list of revenue receipts (for past, current and future periods) as well as capital receipts.

- A Profit & Loss Account
- B Receipt and Payment Account
- C Income & Expenditure Account
- D Profit & Loss Appropriation Account

Answer: B

Question 13

If the two sides of the Trial Balance tally, it is an indication that ____.

- A The books of account are completely accurate.
- B The books of account are arithmetically accurate.
- C The business has a sound financial position.
- D The business has suffered a loss.

Answer: B

Question 14

In case of a Bill of Exchange, 'Legal Due Date' is a date which is arrived after adding three days of grace in the ____.

- A Nominal due date
- B Date of bill
- C Date of acceptance
- D Period of bill

Answer: A

Question 15

Self-balancing entries will only be made for those transactions which affect ____.

- A Three ledgers
- B One ledger
- C Four ledgers
- D Two ledgers

Answer: D

Question 16

Which one of the following is a revenue expenditure?

- A Spent Rs.5000 on overhauling of a car which was purchased second hand.
- B Rs.1000 spent on painting the factory.
- C Loss suffered on sale of old furniture Rs.500.
- D Cost of advertising Rs.10,00,000 for the purpose of introducing a new product.

Answer: B

Question 17

Kohler defines Single Entry System as , "A System of book-keeping in which as a rule only records of ____ and of personal accounts are maintained".

- A Fixed Assets
- B Cash
- C Goodwill
- D Stock

Answer: B

Question 18

Recording of business transactions are done in a chronological manner in ____.

- A Journal
- B Trial Balance
- C Ledger
- D Balance Sheet

Answer: A

Question 19

"Debit all Expenses and Losses, Credit all Gains and Income" is the principle to record journal entry for ____ Accounts.

- A Real
- B Personal
- C Artificial
- D Nominal

Answer: D

Question 20

A trade mark is an example of ____.

- A Current assets
- B Intangible assets
- C Fixed assets
- D Liquid assets

Answer: B

Question 21

What will be the amount of credit purchases, if the opening balance of creditors is Rs.7,600; cash paid to creditors Rs.20,000; discount allowed by them Rs.500; Returns Outward are Rs.2,400; Bills payable accepted Rs.4,600 and the closing balance of creditors is Rs.9,500?

- A Rs.9,500
- B Rs.29,400
- C Rs.24,900
- D Rs.7,600

Answer: B

Question 22

_____ is / are charged to the Profit & Loss Account.

- A Stock
- B Trade expenses
- C Import Duty
- D Royalty

Answer: B

Question 23

A club received Rs. 40,000 as subscriptions during the year 2018-19 of which Rs.6,000 relate to year 2017-18 and Rs.4,000 to 2019-20, and at the end of the year 2018-19 Rs.12,000 are still receivable. What will be the income from subscriptions for the year 2018-19?

- A Rs.24,000
- B Rs.42,000
- C Rs.21,000
- D Rs.12,000

Answer: B

Question 24

When a number of transactions on the same date or relating to one particular account/nature are recorded by means of a single journal entry, such an entry is called as _____.

- A Contra Entry
- B Compound Journal Entry
- C Rectification Entry
- D Adjustment Entry

Answer: B

Question 25

If the account of Mr.Jay was debited by Rs.495 instead of being credited by Rs.459, the rectification will be done by_____.

- A Crediting his account by Rs.594
- B Debiting his account by Rs.954
- C Crediting his account by Rs.954
- D Debiting his account by Rs.594

Answer: C

Question 26

The technique of finding out the net balance of a ledger account, after considering the totals of both debit and credit sides, is known as _____.

- A Rectification of an Account
- B Comparison of an Account
- C Balancing of an Account
- D Reconciliation of an Account

Answer: C

Question 27

_____is historical in nature and reflects the past position of business organization.

- A Computerised Accounting
- B Management Accounting
- C Inflation Accounting
- D Financial Accounting

Answer: D

Question 28

Which one of the following is a limitation of Financial Accounting?

- A It is based on certain accounting principles
- B It records qualitative information
- C It records only monetary items
- D It lacks double entry system

Answer: C

Question 29

In case of a Partnership Firm, a _____ is prepared to show the distribution of profits among different partners.

- A Profit & Loss A/c
- B Partner's Capital A/c
- C Drawings A/c
- D Profit & Loss Appropriation A/c

Answer: D

Question 30

The funds raised by Non-Profit Organisations are credited to capital fund or _____.

- A Special Revenue Fund
- B Reserve Fund
- C General Fund
- D Debt Service Fund

Answer: C

Question 31

In periods of rising prices, _____ method of inventory valuation will result in production being relatively undercharged.

- A First in First Out
- B Highest in First Out
- C Last in First Out
- D Next in First Out

Answer: A

Question 32

The convention of conservatism has become a target of serious criticism on the ground that it goes against the convention of _____.

- A Materiality
- B Dual Aspect
- C Full Disclosure
- D Consistency

Answer: C

Question 33

Wages paid for erection of a new plant or machinery are taken as _____.

- A Revenue Expenditure
- B Capital Expenditure
- C Deferred Capital Expenditure
- D Deferred Revenue Expenditure

Answer: B

Question 34

The original cost of an asset is Rs.1,00,000 with an estimated scrap value of Rs.16,000 at the end of its useful life of 5 years. The depreciation on the asset for its whole life is Rs.84,000, what will be the amount to be charged to the Profit & Loss A/c, if the Sinking Fund table shows that Re.0.180975 if invested yearly @5 % p.a. produces Re.1 at the end of 5 years?

- A Rs.1,765
- B Rs.15,202
- C Rs.18,098
- D Rs.2,896

Answer: B

Question 35

Errors committed because of failure to make a proper distinction between revenue and capital items are called ____.

- A Errors of Commission
- B Errors of Omission
- C Errors of Principle
- D Compensating Errors

Answer: C

Question 36

If a firm purchases 100 units of goods on 1st Jan.@ Rs.4 p.u; 200 units on 8th Jan. @ Rs.5 p.u., 200 units on 24th Jan.@ Rs.6 p.u., and sold 200 units on 31st Jan, What will be the value of inventory sold on 31st Jan. according to the Weighted Price method when the firm follows Periodic Inventory System?

- A Rs.1202
- B Rs.1040
- C Rs.2000
- D Rs.1400

Answer: B

Question 37

The objective of preparing a Bank Reconciliation Statement is to ____.

- A Rectify the errors of pass book
- B Identify difference between balance of bank statement and the cash book
- C Rectify the errors of trial balance
- D Rectify the errors of cash book

Answer: B

Question 38

If the balance as per Cash Book is Rs.5,800; cheques amounting to Rs.2,000 are issued but not yet presented; cheques of Rs.1,500 sent for collection, but not yet collected, and amount of Rs.200 is wrongly debited by the bank, what will be the balance as per Pass Book?

- A Rs.1,700
- B Rs.7,800
- C Rs.6,100
- D Rs.2,800

Answer: C

Question 39

According to Section 5 of the Negotiable Instruments Act, 1881, a _____ is defined as, an instrument in writing containing an unconditional order, signed by the maker, directing a certain person, to pay a certain sum of money only to, or to the order of, certain person or to the bearer of the instrument.

- A Letter of Credit
- B Cheque
- C Demand Draft
- D Bill of Exchange

Answer: D

Question 40

Which one of the following entry will be passed for 'credit sales' under self balancing ledger system?

- A Debtors Ledger Adjustment A/c ---Dr. To General Ledger Adjustment A/c
- B Cash A/c --- Dr. To Individual Customer A/c
- C General Ledger Adjustment A/c --- Dr. To Debtors Ledger Adjustment A/c
- D Individual Customer A/c --- Dr. To Sales A/c

Answer: A

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Instructions

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Question 41

The Central Government has amalgamated three Regional Rural Banks - Punjab Gramin Bank, Malwa Gramin Bank and Sutlej Gramin Bank into a single RRB with effect from.

- A 31st December 2018
- B 1st January 2019
- C 1st July 2019
- D 1st January 2018

Answer: B

Question 42

Find out the best possible option which describes the formula to obtain Gross National Product.

- A $GDP - \text{Trade Balances abroad}$
- B $GDP + \text{Trade Balances Abroad} + \text{Interest of External Loans} + \text{Private Remittances}$
- C $(GDP + \text{Trade Balances Abroad} + \text{Interest of External Loans} + \text{Private Remittances}) - \text{Abroad individual Consumptions}$
- D $GDP + \text{Trade balances Abroad}$

Answer: B

Question 43

Which of the following factor has a direct relationship with supply, other things remaining constant?

- A Material Quality
- B Substitute material
- C Material abundance
- D Material price

Answer: D

Question 44

The quantity of demand by virtue of which it changes (increases or decreases) when ___changes (decreases or increases) is called Elasticity of Demand.

- A Marginal utility
- B Output
- C Desire
- D Price

Answer: D

Question 45

Which among the following is the main measuring scale to map the economic growth of a country?

- A Gross National Purchases
- B Gross Domestic Product
- C Human Development Index
- D Gross National Happiness

Answer: B

Question 46

Indifference curve theory states that:

- A Consumer spending pattern changes with the change in his income
- B Consumers form preferences for some combination of products over others
- C Purchasing power is not the determinant of buying
- D Purchasing power is the real determinant of buying

Answer: B

Question 47

_____ disequilibrium occur because of long-run and deep seated changes in an economy as it moves from one stage of growth to another.

- A Cyclical
- B Secular
- C Structural
- D Non Cyclical

Answer: B

Question 48

The demand curve normally has a _____ slope.

- A Positive
- B Zero
- C Undefined
- D Negative

Answer: D

Question 49

Which one of the following is not a type of Economic Infrastructure?

- A Housing
- B Transport
- C Irrigation
- D Communication

Answer: A

Question 50

As per the 2018-19 data published by the Ministry of Statistics & Program Implementation, the share of agriculture & allied sector is ____ % to the Gross Value Added in India.

- A 29.73
- B 54.4
- C 15.87
- D 27.03

Answer: C

Question 51

Which one of the following is an element of capital account in the Balance of Payments?

- A Income from foreign tourists
- B Foreign direct investments
- C Royalties from patents
- D Export income

Answer: B

Question 52

The laws of ____ describe the technically possible ways of increasing the level of output.

- A Production
- B Demand
- C Supply
- D Return to scale

Answer: A

Question 53

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 was enacted by the Parliament in ____.

- A June 2003
- B July 2003
- C August 2003
- D April 2003

Answer: C

Question 54

Supply is said to be ____ when a given percentage change in price leads to a larger change in quantity supplied.

- A Unit elastic
- B Inelastic
- C Elastic
- D Perfectly Elastic

Answer: C

Question 55

The government of India has targeted revenue deficit for the financial year 2019-20 to be ____ % of GDP.

- A 3.3
- B 2.5
- C 3.2
- D 2.3

Answer: D

Question 56

The MRTP Act was repealed and replaced by the ____, with effect from September 1, 2009

- A Consumer Protection (Amendment) Act
- B Industries (Development and Regulation) Act,
- C Competition Act
- D Limitation Act

Answer: C

Question 57

Goods whose demand varies inversely with income are called ____ goods.

- A Inferior
- B Superior
- C Normal
- D Necessary

Answer: A

Question 58

The Central public sector enterprises (CPSEs) viz. Indian Oil Corporation and Steel Authority of India Ltd. have the status of ____.

- A Navratnas
- B Ratnas
- C Maharatnas
- D Miniratnas

Answer: C

Question 59

According to ____ method of measuring national income, the national income consists of measuring the output of all producers and to deduct from this total the intermediate purchases.

- A Product
- B Income
- C Marginal cost
- D Expenditure

Answer: A

Question 60

An important financial reform has been the reduction in Statutory Liquidity Ratio (SLR) which was as high as 39 per cent of deposits with the banks has been reduced to ____ per cent as on August, 2019

- A 19.25
- B 15.5
- C 18.75
- D 25

Answer: C

Question 61

In the short run, the monopolist should make sure that the price should not go below ____.

- A Average Production Cost
- B Average Variable Cost
- C Average Total Cost
- D Average Fixed Cost

Answer: B

Question 62

Which one of the following is a primary function of commercial banks?

- A Issuing letters of credit
- B Supplying business information
- C Discounting of bills
- D Accepting deposits and providing loans

Answer: D

Question 63

Functions of Comptroller and Auditor-General in the Case of Grants or Loans given to other Authorities or Bodies are specified in Section ____ of The Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Amendment ACT, 1971.

- A 12
- B 10
- C 16
- D 15

Answer: D

Question 64

The Interim Budget 2019-20 has pegged the fiscal deficit for the year 2019-20 at ____% of GDP.

- A 3.4
- B 1.6
- C 2.3
- D 4.1

Answer: A

Question 65

The _____ is/are constituted by the President under article 280 of the Constitution, mainly to give its recommendations on distribution of tax revenues between the Union and the States and amongst the States themselves.

- A Panchayats
- B Municipalities
- C Finance Commission
- D Public Service Commission

Answer: C

Question 66

If the proportionate increase in the output is less than proportionate increase in the inputs it is said to be _____ returns.

- A Increasing
- B Variable
- C Diminishing
- D Constant

Answer: C

Question 67

The problem of choice arises on account of the pressure of three interrelated facts, viz, human wants are unlimited, means required to satisfy these wants are limited and _____.

- A All means are freely available.
- B Means are incapable of being put to alternative uses.
- C Means are capable of being put to alternative uses.
- D All means are perishable.

Answer: C

Question 68

Because of price rigidity, firms under oligopoly face a _____ demand curve.

- A Negative sloping
- B Parallel
- C Kinked
- D Uniformly Elastic

Answer: C

Question 69

"What to produce?" is a basic problem faced by an economy under which of the following central problem?

- A Creation of resources
- B Allocation of resources
- C Growth of resources
- D Efficient use of resources

Answer: B

Question 70

For the first time in the history of Indian planning there was an attempt to move beyond empowerment and recognize women as agents of sustained socio-economic growth and change, in the ____ Five Year Plan.

- A Eleventh
- B Fifth
- C Seventh
- D Tenth

Answer: A

Question 71

Which one of the following is a function of Finance Commission of India?

- A Monitor and investigate adherence to applicable procedures in the public service
- B Investigating complaints on any finance related issue.
- C Division/Distribution of the net tax proceeds between the Centre and the states, and the allocation of the same between states.
- D Overseeing workforce and personnel matters in the State services

Answer: C

Question 72

In Monopoly Market equilibrium, the trader gets_____ in the long run (where all factors happen to be variable).

- A Super Normal Profit
- B Average Profits
- C Marginal Profits
- D Normal Profits

Answer: A

Question 73

The law of ___ states that, other things remaining the same, the quantity supplied of a commodity is directly or positively related to its price.

- A Demand
- B Diminishing utility
- C Supply
- D Diminishing returns

Answer: C

Question 74

Article ___ of the Constitutional Provisions of Comptroller & Auditor General of India relates to Audit Reports.

- A 150
- B 151
- C 149
- D 148

Answer: B

Question 75

Macro economics is not a study of ____

- A unemployment
- B inflation
- C national income
- D consumer surplus

Answer: D

Question 76

The Long-Run Analysis of Production is done under which one of the following law of Production?

- A Law of Averages
- B Law of Returns to Scale
- C Law of demand
- D Law of Segregation

Answer: B

Question 77

_____unemployment attributable to the time required to match production activities with qualified resources.

- A Voluntary
- B Frictional
- C Disguised
- D Seasonal

Answer: B

Question 78

The ___ is vested with the responsibility of conducting monetary policy of India.

- A Securities Exchange Board of India(SEBI)
- B Reserve Bank of India (RBI)
- C Industrial Development Bank of India (IDBI)
- D State Bank of India (SBI)

Answer: B

Question 79

___have an income elasticity of demand of between 0 and +1.

- A Inferior goods
- B Normal goods
- C Giffen goods
- D Luxury goods

Answer: B

Question 80

In ____, India has signed an open sky agreement with Australia allowing airlines on either side to offer unlimited seats to six Indian metro cities and various Australian cities.

- A June 2018
- B April 2019
- C July 2018
- D June 2008

Answer: A

Question 81

_____ refers to the willingness and ability of consumers to purchase a given quantity of a good or service at a given point in time or over a period in time.

- A Demand
- B Estimation
- C Consumption
- D Desire

Answer: A

Question 82

_____ is the portal which assists the corporate sectors in India with regard to the filing of various compliances in a seamless and transparent manner.

- A Company Portal
- B MCA 21
- C ROC India Portal
- D MCA 11

Answer: B

Question 83

The classic economic resources i.e. land, labour and capital are called as _____.

- A Factors of supply
- B Factors of production
- C Factors of demand
- D Factors of consumption

Answer: B

Question 84

In India, the first Metro Rail service was inaugurated on 24th October 1984 in _____.

- A Bangalore
- B Kolkata
- C Hyderabad
- D Mumbai

Answer: B

Question 85

___ has defined Economics as the science of wealth.

- A Lionel Robbins
- B Alfred Marshall
- C Paul Samuelson
- D Adam smith

Answer: D

Question 86

When even a negligible fall in the price of the commodity leads to an infinite extension in the demand for it, it is called ___.

- A Less elastic demand
- B Perfectly Inelastic demand
- C Infinite elastic demand.
- D Unit elastic demand

Answer: C

Question 87

According to the economic survey published in July 2019 by Govt. of India, GDP is expected to grow at ___% in 2019-20 due to growth of investment & consumption Service exports

- A 6
- B 8
- C 7
- D 5

Answer: C

Question 88

According to ___ theory, a consumer will continue to buy such products that will deliver him the most utility or maximum satisfaction at relative prices.

- A Indifference
- B Income and savings
- C Marginal Utility
- D Rising income

Answer: C

Question 89

In 2005, a expert group was constituted by the Planning Commission to review methodology for poverty estimation. It was chaired by_____.

- A Rangarajan
- B Suresh Tendulkar
- C D.T. Lakdawala
- D V. M. Dandekar

Answer: B

Question 90

While measuring the National Income, in order to avoid double counting of value of goods in computing GDP,the Final Goods Approach and the ____ is used.

- A Final Sales
- B Value Added Method
- C Final Production
- D Final Purchases

Answer: B

Question 91

The decades ____are referred to as the period of steady population growth in India.

- A 1921-1951
- B 1901-1921
- C post 1981
- D 1951-1981

Answer: A

Question 92

_____ is a kind of unemployment in which there are people who are visibly employed but are actually unemployed or not utilizing their proper skills to its maximum level.

- A Disguised Unemployment
- B Seasonal Unemployment
- C Structural Unemployment
- D Voluntary Unemployment

Answer: C

Question 93

_____ products have a zero cross elasticity.

- A Unrelated
- B Complementary
- C Substitute
- D Rival

Answer: A

Question 94

The ___ is a hypothetical representation of the amount of two different goods that can be obtained by shifting resources from the production of one, to the production of the other.

- A Consumption possibility curve
- B Gestation period
- C Product life cycle
- D Production possibility curve

Answer: D

Question 95

The ___ define national income as the value created in the sphere of material product alone.

- A Maoists
- B Capitalists
- C Marxists
- D Communists

Answer: C

Question 96

The _____ Oversees the Foreign Exchange Management Act, 1999.

- A Exim Bank
- B Reserve Bank of India
- C Securities Exchange Board of India
- D State Bank of India

Answer: B

Question 97

_____ may be defined as a market situation in which market price is largely determined by the forces of total demand and total supply in the market.

- A Monopoly
- B Perfect Competition
- C Oligopoly
- D Monopolistic Competition

Answer: B

Question 98

The curve of production possibility is concave in nature because of _____.

- A Positive opportunity costs
- B Marginal rate of transformation
- C Negative opportunity cost
- D Average rate of transformation

Answer: B

Question 99

Under _____ the cross elasticity of demand between the product of the firm and that of other commodity in the market is zero.

- A Oligopoly
- B Monopoly
- C Duopoly
- D Perfect Competition

Answer: B

Question 100

_____ was the first payments bank to start its commercial operation in November 2016 on a pilot basis.

- A Paytm Payments Bank
- B India Post Payments Bank
- C Fino Payments Bank
- D Airtel Payments Bank

Answer: D