



# JAIIB AFM Memory Based Question Paper for October 2023



## Accounting and Financial Management for Bankers Paper - October 2023

- Q1. XYZ Corporation is a manufacturing company that sells its products to customers on credit. The company also incurs various expenses throughout the year, such as rent, utilities, and salaries. At the end of the accounting period, XYZ Corporation prepares its financial statements, which include the income statement and the balance sheet. Which accounting concept is applied when XYZ Corporation makes adjustments regarding prepaid expenses and outstanding expenses in its final accounts and when it recognizes deferred revenue expenditure?
- (A) Realisation concept  
(B) Dual Aspect Concept  
(C) Conservatism Principle  
(D) Matching Concept
- Q2. The auditors of Private Banks are appointed
- (A) In the Annual General Meeting of the shareholders.  
(B) By their Board of Directors.  
(C) By the Chief Executive Officer (CEO) of the bank.  
(D) By RBI
- Q3. ABC Manufacturing Company purchased a machine for Rs. 1,00,000 with an estimated useful life of 5 years and an estimated total production of 50,000 units. In the first year, the machine produced 6,500 units. Using the units of production method, what is the depreciation expense for the first year, if the salvage value of the machine is Rs. 10,000 ?
- (A) Rs. 11,700  
(B) Rs. 11,500  
(C) Rs. 11,300  
(D) Rs. 11,900
- Q4. Which of the following formulas is accurate of the amount after an year if the interest is compounded quarterly?
- (A)  $P \left( 1 + \frac{r}{4} \right)$   
(B)  $P(1 + 4r)^4$   
(C)  $P \left( 1 + \frac{r}{4} \right)^4$   
(D)  $P \left( 1 + \frac{r}{4} \right)^{\frac{1}{4}}$
- Q5. Company issues preference shares for a period exceeding but less than for projects.
- (A) 30, 40, commercial  
(B) 30, 40, infrastructure  
(C) 20,30, commercial  
(D) 20,30, infrastructure
- Q6. What does the concept of "risk-return tradeoff" imply?
- (A) The higher the risk, the lower the expected return.  
(B) The higher the risk, the higher the expected return.  
(C) The lower the risk, the higher the expected return.  
(D) Both A and C
- Q7. Company ABC has current assets of Rs. 1,50,000 and current liabilities of Rs. 75,000. Calculate the current ratio if inventory is Rs. 35,000.
- (A) 2:1

- (B) 1.53: 1
- (C) 1: 2
- (D) 1:1.53

- Q8. If the risk-free return is 3%, the beta is 1.5 , and the expected return on the market portfolio is 10%, what is the required rate of return?
- (A) 18%
  - (B) 13.5%
  - (C) 12%
  - (D) 11.5%
- Q9. Which of the following is not a feature of capital expenditure?
- (A) Involves long-term assets.
  - (B) Enhances the earning capacity of the business.
  - (C) Incurs regular and recurring costs.
  - (D) Yields benefits over an extended period.
- Q10. Acceptances, endorsements and other obligations are shown under head in the balance sheet.
- (A) Other Assets
  - (B) Other Liabilities
  - (C) Contingent Liabilities
  - (D) Borrowings
- Q11. Which of the following is a correct point of difference between cost accounting and financial accounting?
- I. Financial Accounting is primarily concerned with recording, summarizing, and reporting financial transactions to external stakeholders, while cost accounting provides detailed information about the costs associated with producing goods or providing services within an organization.
  - II. The reports in cost accounting, unlike financial accounting, can be generated more frequently (like daily, weekly).
  - III. The main audience of cost accounting is investors, creditors, government agencies, and the general public, while that of financial accounting is managers, executives, and department heads.
  - IV. Financial accounting must adhere to established accounting standards and regulations, while cost accounting is not subject to external regulatory standards or requirements.
- (A) I, II and IV only
  - (B) II and IV only
  - (C) I and III only
  - (D) II, III and IV only
- Q12. In a small town, Shikha decides to open a bakery. She carefully separates her personal finances from the finances of the bakery. She opens a separate bank account for the bakery, maintains distinct accounting records, and ensures that all financial transactions related to the bakery are conducted through the business account. Shikha even goes the extra mile to obtain a unique business name and legal registration for her bakery.
- Which accounting concept is primarily applied in Shikha's approach to managing her bakery's finances?
- (A) Money Measurement Concept
  - (B) Business Entity Concept
  - (C) Going Concern Concept
  - (D) Dual Aspect Concept

- Q13. Mining Rights and Computer Software are shown under which of the following heads of a balance sheet?
- (A) Intangible assets
  - (B) Non-current investments
  - (C) Other non-current assets
  - (D) Inventories
- Q14. What is the correct journal entry in the drawer's books in the case of payment of a bill of exchange?
- (A) Debit: Cash/Bank A/c. Credit: Bills Receivable A/c
  - (B) Debit: Bills Payable A/c. Credit: Cash/Bank A/c.
  - (C) Debit: Cash/Bank A/c. Credit: Bills Payable A/c
  - (D) Debit: Bills Receivable A/c. Credit: Cash/Bank A/c.
- Q15. The cash flow arising from trading securities is termed as:
- (A) Operating Cash Flow
  - (B) Investing Cash Flow
  - (C) Financing Cash Flow
  - (D) Market Cash Flow
- Q16. Which of the following is not a category of standard used in standard costing?
- (A) Basic Standard
  - (B) Ideal Standard
  - (C) Currently Attainable Standard
  - (D) Historical Standard
- Q17. A reserve specifically represented by earmarked investments shall be termed as a:
- (A) General Reserve
  - (B) Capital Reserve
  - (C) Fund
  - (D) Surplus
- Q18. What is the inherent assumption in the case of simple interest?
- (A) Interest is calculated only on the initial principal amount.
  - (B) Interest is calculated on the initial principal amount, along with the interest of first year.
  - (C) The interest rate changes periodically.
  - (D) Interest is calculated on both the principal and the accumulated interest.
- Q19. Which of the following is not a feature of the straight line method of depreciation?
- (A) The charge to the Profit & Loss account is spread evenly over the life of such asset.
  - (B) This method is more relevant where the particular Asset is expected to give constant/consistent performance over an extended period of time over the useful life.
  - (C) This method is more relevant where the particular Asset is expected to give better performance in the initial periods of use as compared to the latter.
  - (D) All of the above are features of SLM method of depreciation.
- Q20. Which of the following statements is correct in the context of interest rate options?
- I. Interest Rate options are fundamentally of two types: the Cap and the Floor.
  - II. The option contract is on-balance sheet to the parties entering the transaction.

III. Allows the option purchaser to acquire or shed exposure to the underlying asset without the necessity to purchase or sell the asset itself. IV. The key element of the option contract is the ability of an option seller to get asymmetric exposure to price fluctuations in the underlying asset.

- (A) I, II, III and IV
- (B) II and IV only
- (C) I and IV only
- (D) I and III only

Q21. Which of the following assets require a general provision of 15% on total outstanding?

- (A) Standard Asset
- (B) Doubtful Asset
- (C) Sub-Standard Asset
- (D) Loss Asset

Q22. Which of the following are the conditions that need to be met for an asset to be classified as a cash equivalent?

- I. The asset should have a short maturity period, typically twelve months or less from the date of acquisition.
- II. It is subject to an insignificant risk of change in value.
- III. The asset should be readily convertible into a known amount of cash.

- (A) II and III only
- (B) III only
- (C) I and III only
- (D) I, II and III

Q23. Which of the following statements is correct in the context of the payback period?

- I. It is expressed in terms of the number of years.
- II. Different industries or companies may have varying acceptable payback periods based on their risk tolerance and capital structure.
- III. It takes into account the time value of money.
- IV. It ignores profitability measures.
- V. It considers cash flows beyond the payback period.

- (A) I, III and V only
- (B) I, II and V only
- (C) I, III and IV only
- (D) I, II and IV only

Q24. The balance of A/c gets reflected in the credit side of the trial balance.

- (A) drawings
- (B) purchases
- (C) suppliers
- (D) sales return

Q25. When does a bill of exchange become a legal document?

- (A) Upon acceptance by the drawee
- (B) Upon issuance by the drawer
- (C) Upon endorsement by the payee
- (D) Upon presentation to the bank

Q26. Which of the following statements is correct with respect to bonds?

- I. For a given difference between the YTM and coupon rate of the bonds, the smaller the term to maturity, the greater will be the change in price with a change in YTM.
  - II. For any given change in YTM, the percentage price changes in the case of bonds of a high coupon rate will be smaller than in the case of bonds of a low coupon rate, with other things remaining the same.
  - III. When the required rate of return (kd) is greater than the coupon rate, the premium on the bond declines as maturity approaches.
  - IV. A change in the YTM affects the bonds with a lower YTM more than it does bonds with a higher YTM.
  - V. When the required rate of return is more than the coupon rate, the value of the bond is greater than its par value.
- (A) I, II and IV only  
(B) I, III and V only  
(C) II only  
(D) III, IV and V only

Q27. To be useful and helpful to users, financial statements should be:

- I. Voluminous
  - II. Relevant
  - III. Reliable
  - IV. Comparable
- (A) I and II only  
(B) II, III and IV only  
(C) III and IV only  
(D) I, II, III and IV only

Q28. Company XYZ has a Profit Volume Ratio of 30%, a Sale Price per unit of Rs. 50, and Fixed Costs of Rs. 60,000. Calculate the Break-Even Point in units.

- (A) 3500 units  
(B) 4000 units  
(C) 4500 units  
(D) 5000 units

Q29. ABC Ltd. is considering an investment in a new project that requires an initial investment of Rs. 5,00,000. The expected annual net income (after tax) from the project is:

- 1<sup>st</sup> year = 50,000  
2<sup>nd</sup> year = 25,000  
3<sup>rd</sup> year = 44,000  
4<sup>th</sup> year = 38,000  
5<sup>th</sup> year = 46,000

The project's useful life is five years. Calculate the Accounting Rate of Return (ARR) for the investment.

- (A) 10.34%  
(B) 16.24%  
(C) 15.48%  
(D) 21.56%

Q30. Which of the following journal entries is passed in the books of drawee on discounting of bill with a bank by drawer?

- (A) Debit: Bank A/c. Credit: Discount A/c  
(B) Debit: Discount A/c. Credit: Bank A/c  
(C) Debit: Discount A/c. Debit: Bank A/c. Credit: Bills Receivable A/c  
(D) No entry

- Q31. Which of the following is related to inter-bank transactions?
- (A) Branch Adjustment Account
  - (B) Lockers
  - (C) Money at Call and Short Notice
  - (D) Acceptance Endorsements and Other Obligations
- Q32. Which of the following statements is correct in the context of the Bank Reconciliation Statement?
- I. The Passbook is a mirror image of the cash book in the sense that credit entries in the cash book are reflected as debit entries in the passbook and debit entries in the cash book are reflected as credit entries in the passbook.
  - II. Causes of difference between passbook and cashbook can be grouped under three headings.
  - III. Amount Collected by Bank on Standing Instruction is an entry which does not require a change in the cashbook.
  - IV. On dishonour of a cheque deposited by the trader, the bank will credit the customer's account.
- (A) I and II only
  - (B) II and IV only
  - (C) I, II and IV only
  - (D) I, II and III only
- Q33. Which of the following will not affect the trial balance?
- I. Compensating Errors
  - II. Error of Commission
  - III. Error of Complete Omission
  - IV. Error of Principle
- (A) III only
  - (B) I and III only
  - (C) I, II and III only
  - (D) I, III and IV only
- Q34. Which of the following need not prepare a Cash Flow Statement?
- (A) A publicly traded company
  - (B) One Person Company
  - (C) A government company
  - (D) All of the above has to prepare a cash flow statement.
- Q35. Select the correct option which represents the classification of a company on the basis of ownership.
- (A) Subsidiary Company
  - (B) Holding Company
  - (C) Chartered Company
  - (D) Registered Company
- Q36. Which of the following is a step that can be taken to mitigate the agency problem in an organisation?
- I. Full transparency in all the operations.
  - II. Placing restrictions on the capabilities of the agents/managers.
  - III. Linking CEO compensation directly to stock price performance.
  - IV. Linking the compensation structure of the agent to the gains of the principal.
- (A) I, II and III only
  - (B) I, III and IV only
  - (C) II, III and IV only
  - (D) I, II, III and IV



- Q37. Select the correct option which represents the full form of LERMS.
- Liberalised Exchange Rate Management System
  - Limited Exchange Rate Monitoring System
  - Liberalised Exchange Rate Monitoring System
  - Local Exchange Rate Monitoring System
- Q38. What kind of tool is linear programming?
- Financial management tool for budgeting
  - Mathematical optimization tool for decisionmaking
  - Communication tool for team collaboration
  - All of the above
- Q39. Which of the following statements is incorrect in the context of the Accommodation Bill?
- In accommodation bills, there is no debtor-creditor relationship between the parties concerned.
  - Before the due date, the drawer remits the amount utilised by him to the drawee, and the drawee then meets the bill by making full payment to the bank.
  - The accounting treatment of accommodation bills is different from normal trade bills.
  - The discount loss must be shared by both parties in the same proportion in which they share the proceeds of the bill.
40. Income Tax in India is governed by all of the following except:
- Income Tax Act, 1961
  - Income Tax Rules, 1962
  - Reserve Bank of India Act, 1934
  - The finance budget
- 3 and 4 only
  - 4 only
  - 3 only
  - 2, 3 and 4 only

Q41 Match the following in the context of AS-10.

List A	List B
I. The carrying amount of an item of PPE	1. is a directly attributable cost.
II. Items of PPE retired from active use and held for disposal	2. the difference of cash price equivalent and total payment is recognised as interest over the period of credit unless such interest is capitalized as per AS 16, Borrowing Costs.
III. Costs of site preparation	3. should be stated at the lower of their carrying amount and net realisable value.
IV. If an item of PPE is acquired under a deferred payment plan	4. should be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

- I - 4, II - 3, III - 1, IV - 2
- I - 1, II - 3, III - 4, IV - 2
- I - 1, II - 2, III - 4, IV - 3
- I - 4, II - 2, III - 1, IV - 3



- Q42. Cash payment for self-constructed property is to be classified as:
- (A) Cash Flow from Financing Activities
  - (B) Cash Flow from Investing Activities
  - (C) Cash Flow from Operating Activities
  - (D) Either B or C
- Q43. Which of the following is a composite voucher?
- (A) Challans for deposits into the accounts of Central/State Government
  - (B) Letter of credit issued by the branch
  - (C) Term deposit receipts presented for payment
  - (D) Pay order issued by the branch itself, cancelled at the request of the customer, and the amount is refunded to him.
- Q44. Which of the following statements is correct in the context of the accounting system of banks?
- I. Banks place quite a lot of emphasis on books of prime entry, such as cash books or journals.
  - II. Banks follow the accounting procedure of 'voucher posting' under which the vouchers are straightaway posted to the individual accounts in the subsidiary ledgers.
  - III. The general ledger trial balance is prepared every week.
  - IV. Transactions in a bank are of three types: cash, non-cash and transfer transactions.
- (A) I and II only
  - (B) I and IV only
  - (C) II only
  - (D) II and III only
- Q45. Arrange the following steps in the standard costing system in chronological order.
- 1. Initiating corrective actions in areas showing variance
  - 2. Decision on the pricing of the products and preparing the budget for sales and profit.
  - 3. Analysing the variances and ascertaining the causes of variances
  - 4. Determining the standard costs of materials, labour and overheads for the production line.
  - 5. Finding out the variances of various cost components
  - 6. Segregating, ascertaining and recording the actual costs and profits
  - 7. Readjusting the cost standards, pricing, estimated volume and recasting the budget to make it more realistic.
- (A) 2 – 4 – 6 – 5 – 3 – 7 – 1
  - (B) 4 – 2 – 6 – 5 – 3 – 7 – 1
  - (C) 2 – 4 – 6 – 5 – 3 – 1 – 7
  - (D) 4 – 2 – 6 – 5 – 3 – 1 – 7
- Q46. Which of the following is not a nominal account?
- I. Cash A/c
  - II. Capital A/c
  - III. Salary A/c
- (A) III only
  - (B) I and II only
  - (C) II only
  - (D) I and III only
- Q47. Which of the following transaction of bank is exempt from GST?
- (A) Actionable Claims

- (B) Pension fund services
- (C) Processing fees on loans
- (D) All of the above

- Q48. A tyre manufacturer has received an order to supply 50 identical tyres. The company estimates the requirements of materials at ₹ 75,000 , labour at ₹40,000, and manufacturing overheads at ₹15,000. As per the company's policy, the fixed/non-manufacturing overheads are allocated at 15% of the material cost. What will be the cost of one tyre?
- (A) Rs. 2375
  - (B) Rs. 3465
  - (C) Rs. 2825
  - (D) Rs. 3225
- Q49. What is the definition of transfer pricing?
- (A) The process of selling goods or services between different departments within the same organization.
  - (B) Transfer pricing refers to the internal pricing of goods and services within a single division of a company.
  - (C) Transfer pricing involves determining the costs of goods and services when different divisions of a multi-entity company transact with each other, especially in cross-border transactions.
  - (D) Transfer pricing is the negotiation of prices between a company and its customers in different geographical locations.
- Q50. XYZ Corporation, a publicly listed company, is contemplating the issuance of bonus shares to its existing shareholders. The company has witnessed significant growth in its operations and wants to reward its shareholders by issuing bonus shares. The board of directors is in the process of evaluating this decision, considering various factors.
- As part of the decision-making process, the board is assessing the conditions that need to be met for the issuance of bonus shares. In the context of XYZ Corporation's consideration to issue bonus shares, which of the following is correct?
- I. No issue of bonus shares shall be made by capitalising reserves created by the revaluation of assets.
  - II. A company which announces its bonus issue after the approval of the board of directors and does not require shareholders' approval for capitalisation of profits or reserves for making bonus issue as per the Articles of Association shall implement the bonus issue within thirty days from the date of such approval and shall not have the option of changing the decision.
  - III. A company can issue bonus shares out of its free reserves and the securities premium account but not from the capital redemption reserve account.
  - IV. The bonus shares shall not be issued in lieu of dividends.
- (A) II and III only
  - (B) I and IV only
  - (C) II and IV only
  - (D) II and III only
- Q51. If the present market value of equity shares of the firm is Rs. 150 and the expected earnings per share for the next year is Rs. 10. what will be the required rate of return on the firm's equity capital?
- (A) 15%
  - (B) 14.33%
  - (C) 6.67%
  - (D) 5%

- Q52. Which of the following statements is correct in the context of the accounting system followed by the lessee?

- (A) At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.
- (B) At the commencement date, a lessee shall measure the right-of-use asset at cost.
- (C) In the statement of profit and loss, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset.
- (D) All of the above

Q53. P accepts the bill drawn by Q for Rs. 5000. Which of the following is a correct journal entry passed in the books of P?

- (A) Debit: Q's A/c. Credit: Cash/Bank A/c
- (B) Debit: Cash/ Bank A/c. Credit: Q's A/c
- (C) Debit: Q's A/c. Credit: Bills Payable A/c
- (D) Debit: Bills Payable A/c. Credit: Q's A/c

Q54. Which of the following journal entries is passed in the books of A if a bill of exchange drawn by A is honoured on maturity?

- (A) Debit: Cash/Bank A/c. Credit: Bills Receivable A/c
- (B) Debit: Bills Receivable A/c. Credit: Cash/Bank A/c.
- (C) Debit: Cash/Bank A/c. Credit: Bills Payable A/c
- (D) Debit: Bills Payable A/c. Credit: Cash/Bank A/c.

Q55. Which of the following statements is correct in the context of AS-19?

- I. This accounting standard comes into effect in respect of all assets leased on or after 1st April, 2001 and is mandatory.
  - II. AS-19 does not apply to agreements that are contracts for services that do not transfer the right to use the assets from one contracting party to the other.
  - III. From an accounting perspective, leases can be only of three types: Operating lease, Finance lease, and Leveraged lease.
  - IV. An operating lease is classified as a dry lease if the lessor provides the know-how and related services for operating the asset and takes care of its insurance and maintenance.
  - V. If The lease term is substantially less than the economic life of the asset, the lease is classified as a finance lease.
- (A) I, II and IV only
  - (B) I and II only
  - (C) II, III, IV and V only
  - (D) III and V only

Q56. Choose the incorrect statement in the context of the bill of exchange.

- I. A bill of exchange can be drawn upon any person, including a bank.
  - II. A bill of exchange does not require to be stamped.
  - III. The acceptor of a bill of exchange is allowed two days of grace after the date of maturity of the bill.
- (A) Only II
  - (B) I and II only
  - (C) II and III only
  - (D) I, II and III

Q57. \_\_\_\_\_ is a source of long-term funds.

- (A) Term Loan
- (B) Commercial Paper

- (C) Factoring
- (D) Forfeiting

Q58. Forfeiture of shares occurs when a shareholder fails to make the required payment for shares within the specified timeframe or as per the terms of the allotment. In such cases, the company has the right to forfeit, or cancel those shares. Which of the following journal entries is passed in case of forfeiture of shares?

- (A) Share Capital A/c Dr.  
    To Calls in Arrears A/c  
    To Forfeited Shares A/c
- (B) Share Capital A/c Dr.  
    Calls in Arrears A/c Dr.  
    To Forfeited Shares A/c
- (C) Share Capital A/C Dr.  
    To Forfeited Shares A/c
- (D) None of the above

Q59. A company is considering an investment project that requires an initial cash outflow of Rs. 1,00,000. The project is expected to generate cash inflows of Rs. 30,000 in the first year, Rs. 40,000 in the second year, and Rs. 50,000 in the third year. The discount rate is 10%. What is the Net Present Value (NPV) of the investment? Note:

Discounting Factors (@10%)	0.909	0.826	0.751
Year	1	2	3

- (A) 2140
- (B) -2140
- (C) -1990
- (D) 1990

Q60. In the context of a lease agreement, the term "lessee" refers to:

- (A) The party granting the lease
- (B) The party receiving the lease
- (C) The broker facilitating the lease
- (D) The regulatory authority overseeing the lease transaction

Q61. Which of the following statements is correct in the context of the funds flow statement?

- I. Sources of funds are indicated by a decrease in assets and an increase in liabilities over the previous year, while applications of funds are associated with an increase in assets and a decrease in liabilities over the previous year.
  - II. This statement needs to be segregated into flows from operating, financing and investing activities.
  - III. This statement uses a cash system of accounting.
  - IV. This statement helps in assessing the long term financial strategy of a business.
  - V. An increase in non-current assets will be shown under sources of funds.
- (A) I, III and IV only
  - (B) I and V only
  - (C) I and IV only
  - (D) I, II, IV and V only

Q62. Variable rates are also known as:

- (A) Fixed rates

- (B) Changing rates
- (C) Market rates
- (D) Floating rates

Q63. The ROI is a concept that measures:

- (A) The total revenue generated by a firm
- (B) The profit earned on investing a unit of capital
- (C) The market share of a company
- (D) The total assets owned by a business

Q64. Which of the following is correct in the context of balancing of account?

- I. Where the debit side of an account is less than the credit side, then the difference is put on the credit side, and the account is said to have a debit balance.
  - II. If the debit side total is more, put the difference on the credit side amount column, by writing the words 'By Balance c/d'.
  - III. The debit balance of an account may represent either an asset or an expense. If such balance relates to a 'Personal Account' it reflects debtors.
- (A) II only
  - (B) I and II only
  - (C) II and III only
  - (D) III only

Q65. XYZ Corporation, a well-established company, recently decided to change its method of depreciation for its long-term assets. The company transitioned from the straight-line method to the written down value method to better reflect the pattern of the asset's economic benefits over time. The change was implemented at the beginning of the current fiscal year.

Despite the change in depreciation methodology, XYZ Corporation upheld transparency in its financial reporting. In the annual financial statements, the company provided a clear disclosure of the impact of the change on its financial position, net income, and other relevant financial metrics. The management believed that this disclosure was crucial to assist stakeholders in understanding the reasons behind the change and its implications.

In the scenario described, what accounting principle/convention is inferred from the company's disclosure of the impact of changing the method of depreciation?

- (A) Materiality
- (B) Conservatism
- (C) Consistency
- (D) Both B and C

Q66. A company manufacturing LED bulbs has the following financial information:

- a. Fixed overhead costs: ₹ 2,20,000
- b. Cost of all direct inputs like material, labor, utilities, etc. per bulb: ₹ 45
- c. Variable overhead costs: ₹ 75,000
- d. Total bulbs produced in the year: 20,000

What is the total manufacturing cost for the LED bulbs in the given year using the absorption costing approach?

- (A) Rs. 14.75
- (B) Rs. 48.25
- (C) Rs. 48.75
- (D) Rs. 59.75

- Q67. ABC Construction Company, a leading firm in the construction industry, has secured a longterm contract to build a commercial complex. To mitigate some market risks, the contract includes an escalation clause. The terms of the contract clearly outline the methodology for calculating adjustments, providing transparency and clarity to both parties involved.
- What does the escalation clause in the contract primarily safeguard the contractor against?
- (A) Changes in project scope
  - (B) Fluctuations in currency exchange rates
  - (C) Price changes of input costs
  - (D) Delay in project completion deadlines
- Q68. A bill of exchange was created and issued by ' X ' against 'A' for a payment of Rs. 20,000. What will be the journal entry in the books of ' X ' if the bill is endorsed towards a third party, ' Z '?
- (A) Debit: Z's A/c. Credit: X's A/c
  - (B) Debit: Z's A/c. Credit: Bills Receivable A/c
  - (C) Debit: A's A/c. Credit: Bills Receivable A/c
  - (D) Debit: Z's A/c. Credit: Bills Payable A/c
- Q69. A principal amount of Rs. 57,000 is invested at a simple interest rate of 8% per annum for 3 years. What is the total interest earned at the end of the period?
- (A) Rs. 13,680
  - (B) Rs. 12,680
  - (C) Rs. 13,480
  - (D) Rs. 13,280
- Q70. Which of the following statements is correct in the context of Accounting Standard - 18?
- I. This standard deals with the reporting of related party relationships and transactions between a reporting enterprise and its related parties.
  - II. It states that the name of the related party and the nature of the related party relationship where control exists need not be disclosed if there are transactions between the related parties.
  - III. The AS is applicable to general-purpose financial statements and consolidated financial statements.
- (A) I only
  - (B) III only
  - (C) I and III only
  - (D) I, II and III
- Q71. Calculate the modified duration of the bond if its duration is 6.5 years and a yield to maturity of 4.2%. Additionally, the expected market rate is 15 per cent.
- (A) 5.65 years
  - (B) 6.24 years
  - (C) 5.89 years
  - (D) 6.33 years
- Q72. Which of the following sections of the Income Tax Act deal with deduction in respect of interest on deposits in savings accounts?
- (A) Section 80U
  - (B) Section 80TTA
  - (C) Section 80TTB
  - (D) Section 80RRB

- Q73. A company which has been successful in its operations, can issue shares at a premium. When shares are issued at higher than the face value of the shares, they are said to be issued at a premium. Premium amount cannot be utilised for:
- (A) Buy back of shares.
  - (B) Issue of fully paid bonus shares.
  - (C) Paying premium on redemption of preference shares or debentures.
  - (D) Paying off dividends to shareholders
- Q74. \_\_\_\_\_ copies of the balance sheet and profit and loss account prepared by banking companies, together with auditors' report must be submitted to the Reserve Bank of India within months from the end of the period to which they refer.
- (A) three, three
  - (B) five, three
  - (C) two, one
  - (D) three, one
- Q75. In computing the total income of any person, any income falling within any of the clauses of Section of the IT Act is not included.
- (A) 15
  - (B) 20
  - (C) 5
  - (D) 10
- Q76. Which of the following will be entered in the credit side of the Profit and Loss Appropriation A/c ?
- (A) Transfer to reserve/general reserve.
  - (B) Amount withdrawn from a general reserve or any other reserve.
  - (C) Transfer to dividend/interim dividend/proposed dividend.
  - (D) Surplus transferred to balance sheet.
- Q77. Goods amounting to Rs. 820 sold to XYZ were correctly entered in the sales book but posted to the account as Rs. 280. What will be the rectification entry?
- (A) Debit: XYZ A/c (Rs. 540). Credit: Sales A/c (Rs. 540)
  - (B) Debit: Sales A/c (Rs. 540). Credit: XYZ A/c (Rs. 540)
  - (C) Debit: Suspense A/c (Rs. 540). Credit: XYZ A/c (Rs. 540)
  - (D) Debit: XYZ A/c (Rs. 540). Credit: Suspense A/c (Rs. 540)
- Q78. Which of the following statements is correct in the context of bond price volatility?
- (A) Bond prices and YTM are positively related.
  - (B) The extent of change in the bond prices for a change in YTM measures the interest rate risk of a bond.
  - (C) Interest rate elasticity =  $\frac{\text{Percentage change in yield to maturity for bond}}{\text{Percentage change in price for bond in period } t}$
  - (D) Interest rate elasticity is always a positive number.
- Q79. Which of the following tax is not levied in India?
- (A) CGST
  - (B) SGST
  - (C) Service tax
  - (D) UTGST



- Q80. Which of the following statements with respect to IRR is correct?
- I. If the IRR is less than the cost of capital, then the project, should not be undertaken, as going ahead with the project will have the result of reducing the shareholders' wealth.
  - II. For mutually exclusive investment opportunities, the IRR decision rule involves undertaking an investment that has the highest IRR, provided that the IRR is greater than the cost of capital.
  - III. IRR is more widely used than NPV.
- (A) I and II only  
(B) III only  
(C) I and III only  
(D) I, II and III
- Q81. Select the statements that correctly mention the features of a promissory note.
- I. A promissory note is written by the debtor (buyer) promising the creditor (seller) to pay a specified sum after a specified period.
  - II. It can be in writing or can be an oral undertaking.
  - III. There are two parties in a promissory note.
  - IV. Acceptance by a creditor is necessary.
  - V. Noting is not necessary on dishonour.
- (A) I and III only  
(B) I, II, IV and V only  
(C) I, III and V only  
(D) II, III and V only
- Q82. Which of the following is not a solvency ratio?
- (A) Current Ratio  
(B) Debt-equity ratio  
(C) Stock turnover ratio  
(D) Liquidity ratio
- Q83. In the context of prior period items are incomes or expenses that arise in the accounts of the current year because of a mistake or omission in the preparation of the financial statement of one or more prior periods.
- (A) AS - 6  
(B) AS - 2  
(C) AS - 7  
(D) AS - 5
- Q84. If a bond of face value Rs. 100, carrying a coupon interest rate of 8 per cent, is quoted in the market at Rs. 80, then what is the current yield of the bond?
- (A) 12%  
(B) 8%  
(C) 10%  
(D) 11%
- Q85. Which of the following statements is incorrect in the context of AS-2, which deals with the determination of the values at which inventories are carried in the financial statements until the related revenues are recognised?
- (A) LIFO method of inventory valuation is permitted in cases where goods are ordinarily interchangeable.  
(B) This standard is not applied to work in progress arising under construction contracts.

- (C) Techniques for measurement of the cost of inventories, such as the standard cost method or the retail method, are permitted to be used for convenience if the results approximate the actual cost.
- (D) It states that inventories are to be valued at a lower of cost or net realisable value.

- Q86. Which of the following options correctly states the formula for the calculation of COGS?
- (A)  $\text{Cost of Goods Sold} = (\text{opening stock} + \text{purchases} + \text{expenses}) - (\text{closing stock})$
  - (B)  $\text{Cost of Goods Sold} = (\text{closing stock} + \text{purchases} + \text{expenses}) - (\text{opening stock})$
  - (C)  $\text{Cost of Goods Sold} = (\text{opening stock} + \text{purchases}) - (\text{closing stock} + \text{expenses})$
  - (D)  $\text{Cost of Goods Sold} = (\text{closing stock} + \text{purchases}) - (\text{opening stock} + \text{expenses})$
- Q87. Calculate simple interest on the principal of Rs. 1,60,000 at the rate of 10% for 30 months.
- (A) Rs. 44,000
  - (B) Rs. 40,000
  - (C) Rs. 35,000
  - (D) Rs. 36,000
- Q88. ABC Company, a supplier of electronic components, has entered into a transaction with XYZ Corporation for the purchase of goods on credit. To formalize the credit arrangement and ensure payment at a later date, ABC Company decided to draw a Bill of Exchange. In this scenario, ABC Company is the
- (A) Payee
  - (B) Drawer
  - (C) Drawee
  - (D) Endorser
- Q89. In case of forfeiture of shares due to nonreceipt of payment by the shareholder, which of the following accounts will be credited?
- (A) Share Capital A/c
  - (B) Calls in Arrears A/c
  - (C) Forfeited Shares A/c
  - (D) Both B and C
- Q90. In a lease transaction, the is eligible for depreciation on the asset and the entire lease rentals are taxed as income of the
- (A) lessee, lessor
  - (B) lessee, lessee
  - (C) lessor, lessor
  - (D) None of the above is correct
- Q91. The income-tax paid by domestic and foreign companies on their income in India is known as:
- (A) Personal Income Tax (PIT)
  - (B) Corporate Income Tax (CIT)
  - (C) Value Added Tax (VAT)
  - (D) Excise Duty
- Q92. What is the fundamental idea behind ZeroBase Budgeting?
- (A) Every expense must be justified from scratch as if starting from a "zero base," regardless of historical spending levels.
  - (B) Budgets are created by adjusting the previous year's budget with a small percentage increase or decrease.

- (C) Focuses on allocating resources to activities that align with strategic objectives and generate the highest value.
- (D) Eliminates the need for justification of recurring expenses, streamlining the budgeting process.

- Q93. Which of the following is not a function of accounting?
- (A) To ascertain the financial position of the business
  - (B) To satisfy the requirements of law
  - (C) To ascertain the results of the operations
  - (D) All of the above are functions of accounting.
- Q94. In the balance sheet of a bank, gold appears under the head and silver is shown under the head
- (A) Investment, Other Assets
  - (B) Other Assets, Investment
  - (C) Investment, Investment
  - (D) Other Assets, Other Assets
- Q95. Section 206C of the Income-tax Act exempts certain buyers from the scope of TCS. Which of the following is exempted?
- I. Public Sector Companies
  - II. State Government
  - III. Embassy
- (A) II and III only
  - (B) III only
  - (C) I and II only
  - (D) I, II and III
- Q96. What characterizes an Ordinary Annuity?
- (A) Payments are required at the beginning of each period.
  - (B) Payments are required at the end of each period.
  - (C) Payments are made in a lump sum at the beginning of the annuity.
  - (D) Payments can be irregular and vary each period.
- Q97. Which of the following is an objective of management accounting?
- I. To record, analyse and classify all expenditures related to the cost of products and services.
  - II. It provides a system of evaluating the performance of the management itself.
  - III. It helps in communicating management plans to the various levels in the organisation.
  - IV. It helps in developing an effective system of feedback reports.
- (A) II, III and IV only
  - (B) I only
  - (C) III and IV only
  - (D) III only
- Q98. XYZ Corporation is considering two mutually exclusive projects, Project A and Project B, to expand its product line. Both projects have been thoroughly evaluated, and the Net Present Value (NPV) for each has been calculated. The NPVs for both projects are positive. Project A has an NPV of Rs. 5,00,000, and Project B has an NPV of Rs. 4,50,000. In this scenario:
- (A) Project A should be chosen because it has a higher NPV.
  - (B) Project B should be chosen because it has a lower NPV.

- (C) Either Project A or Project B can be selected since their NPVs are positive.  
(D) Both projects should be undertaken simultaneously.

Q99. ABC Furniture Store, a retail company, reported the following financial information for the fiscal year:

- Sales: ₹15,00,000
- Sales Returns: ₹20,000
- Cost of Goods Sold (COGS): ₹6,00,000
- Selling and Administrative Expenses: ₹2,00,000
- Other Operating Expenses: ₹30,000

Calculate the Net Profit for ABC Furniture Store based on the provided data.

- (A) ₹6,50,000  
(B) ₹8,50,000  
(C) ₹7,50,000  
(D) ₹9,50,000

Q100. XYZ Corporation recently acquired a prime piece of real estate for its new corporate headquarters. The location is strategically important for the company's image and future growth. The management is thrilled with the acquisition, emphasizing the prestige and strategic value it adds to the business.

However, when the accountant records this transaction in the books of accounts, only the value of the land is considered, and its strategic importance is not accounted for. The recorded value of the land is Rs. 2 million. Which concept of accounting is applied here?

- (A) Dual Aspect Concept  
(B) Historical Cost Concept  
(C) Money Measurement Concept  
(D) Going Concern Concept

# Answer Key

Q1. (D)	Q21. (C)	Q41. (A)	Q61. (C)	Q81. (C)
Q2. (A)	Q22. (A)	Q42. (B)	Q62. (D)	Q82. (C)
Q3. (A)	Q23. (D)	Q43. (B)	Q63. (B)	Q83. (D)
Q4. (C)	Q24. (C)	Q44. (C)	Q64. (C)	Q84. (C)
Q5. (D)	Q25. (A)	Q45. (D)	Q65. (C)	Q85. (A)
Q6. (B)	Q26. (C)	Q46. (B)	Q66. (D)	Q86. (A)
Q7. (A)	Q27. (B)	Q47. (B)	Q67. (C)	Q87. (B)
Q8. (B)	Q28. (B)	Q48. (C)	Q68. (B)	Q88. (B)
Q9. (C)	Q29. (B)	Q49. (C)	Q69. (A)	Q89. (D)
Q10. (C)	Q30. (D)	Q50. (B)	Q70. (C)	Q90. (C)
Q11. (A)	Q31. (C)	Q51. (C)	Q71. (B)	Q91. (B)
Q12. (B)	Q32. (A)	Q52. (D)	Q72. (B)	Q92. (A)
Q13. (A)	Q33. (D)	Q53. (C)	Q73. (D)	Q93. (D)
Q14. (A)	Q34. (B)	Q54. (A)	Q74. (A)	Q94. (A)
Q15. (B)	Q35. (B)	Q55. (B)	Q75. (D)	Q95. (D)
Q16. (D)	Q36. (D)	Q56. (C)	Q76. (B)	Q96. (B)
Q17. (C)	Q37. (A)	Q57. (A)	Q77. (D)	Q97. (A)
Q18. (A)	Q38. (B)	Q58. (A)	Q78. (B)	Q98. (A)
Q19. (C)	Q39. (C)	Q59. (B)	Q79. (C)	Q99. (A)
Q20. (D)	Q40. (A)	Q60. (B)	Q80. (D)	Q100. (C)



**7000+ Selections in JAIIB-CAIIB 2024**  
Meet the Champions

 <b>Mohd Tarque</b> JAIIB Score: 283	 <b>Akhil Kumar A</b> JAIIB Score: 280	 <b>M. Divyasree</b> JAIIB Score: 271
 <b>Anil Kumar</b> CAIIB Score: 378	 <b>Naveen Hajrika</b> CAIIB Score: 361	 <b>Sumit Dahiya</b> CAIIB Score: 360



**Thirukumaran A**  
JAIIB Score: 270



**Sunny**  
JAIIB Score: 261



**Aniruddha Sen**  
JAIIB Score: 260



**Tarun Yadav**  
JAIIB Score: 260



**Renu**  
JAIIB Score: 259



**Jayakumar S**  
JAIIB Score: 259



**Shruti Menon**  
JAIIB Score: 259



**Torugu Balakrishna**  
JAIIB Score: 258



**Uttam Kumar Pal**  
CAIIB Score: 359



**K Hari Prasad**  
CAIIB Score: 348



**Shiv Pratap Singh**  
CAIIB Score: 333



**Mohammad Danish**  
CAIIB Score: 328



**Ravi Veera**  
CAIIB Score: 327



**Preet Sagar Sharma**  
CAIIB Score: 325



**Twinkle Wahane**  
CAIIB Score: 324



**Azhar Khan**  
CAIIB Score: 322

And Thousands More...!

**Start Your JAIIB Exam Prep Today**



Call: +91 76760 22222



Email: [help@oliveboard.in](mailto:help@oliveboard.in)



Download Oliveboard App



# We Don't Brag... Hear It Straight from Toppers!

**Madhubanti Ray**

1st attempt RBWM-63  
IE AND FS- 48  
PPB-55  
AFM-62  
THANK YOU P. Shama SIR.



←2 16:20

MR

**SRIKANTH TALWAR**

RBWM:61  
IEIFS:50  
PPB:62  
AFB:54

Thank your Oliveboard team  
for support and cleared in my  
first attempt

11:18

ST

**Gau K**

Got 56 in AFM  
Jaiib cleared... 🙏  
Thanks sir ..



←1 15:19

GK

**Utkarsh JAIIB**

Got 55 in RBWM, believe me it was  
quiet tough Cleared DBF aka Jaiib  
in 1st attempt

11:22

U

But at the end if concepts are clear  
its relatively easier

11:23

**Manisha Morya**

Thankyou so much sir... Got 58 ..  
thanks for your efforts sir 🙏

←1 15:21

MM

**Shivani**

Thank you sir AFM 52 cleared

11:40

S

IEIFS 53, PPB 48, AFM 52 & RBWM 50  
cleared JAIIB in 1st Attempt Thanks  
to Oliveboard

11:40



Rbwm was not leaving me for  
a long time. Thanks to your  
master batch i cleared it and  
finally cleared JAIIB sir. Thank  
you so much

←1 15:36



KM



**Manish Kumar Rawat**

Got 52 sir thanks Rajeev sir

11:42

**Suman Kumari JAIIB**

Thank you, Rajeev Sir, for your  
guidance and support. I have  
cleared the exam. Got 59.

11:45

SK

**Arif Sheikh**

Sir got 61 Thank you so much for  
your efforts formaking us to qualify  
in rbwm

11:54

AS

**Priyam Awasthi**

AFM 51 Thankyou Pradhyuman  
Sir only last 1 week ko de payi  
thi apke classes or content  
samjnae ka tarika Etna lazawab  
hain ki non  
commerce background hokr bi  
AFM clear ho gya sir really you  
are a great mentor big  
Thankyou Pradhyuman sir



PA



Call: +91 76760 22222



Email: [help@oliveboard.in](mailto:help@oliveboard.in)



Download Oliveboard App