

# JAIIB 2023 Memory Based Paper PPB

JAIIB May 2023 Memory Based Paper for PPB



## Principles and Practices of Banking Paper - May 2023

- Q1. Which of the following statements accurately defines a bullet payment?
- I. A single lump-sum payment settled at the end of a loan's term.
  - II. Consistent monthly payments spread across the duration of a loan.
  - III. The initial payment made at the commencement of a loan.
  - IV. A substantial payment made during the middle of a loan's term.
- (A) Only I
  - (B) Only II
  - (C) II, III
  - (D) Either I or III
- Q2. Which financial statement would reflect the expenditure incurred on the purchase of raw materials by a firm/company?
- (A) Profit and Loss Statement
  - (B) Trading Account
  - (C) Balance Sheet
  - (D) Either A or B
- Q3. What is a key difference between the Net Present Value (NPV) and Internal Rate of Return (IRR) methods of investment appraisal?
- (A) NPV provides the actual monetary gain or loss, while IRR expresses returns as a percentage.
  - (B) NPV assumes reinvestment at the project's internal rate of return, while IRR assumes reinvestment at the cost of capital.
  - (C) NPV is used for short-term projects, while IRR is used for long-term projects.
  - (D) NPV is preferred for projects with uncertain cash flows, while IRR is used for projects with predictable cash flows.
- Q4. Where would revenue generated from a business's core operations typically be recorded?
- I. P&L Statement
  - II. Balance Sheet
  - III. Trading account
  - IV. Cash flow statement
- (A) Only I
  - (B) Only III
  - (C) Either I or III
  - (D) I, II & III
- Q5. What is the primary focus of Section 10 of the Income Tax Act?
- (A) Incomes not included in total income
  - (B) Deductions for business expenses
  - (C) Taxation of capital gains
  - (D) None of the above

- Q6. Under which section of the Income Tax Act can an individual claim deductions on health insurance premiums?
- I. Section 80C
  - II. Section 80D
  - III. Section 80E
  - IV. Section 80CC
- (A) Only I
  - (B) Only IV
  - (C) Only II
  - (D) II, & III
- Q7. In which of the following industries is Process Costing most likely to be used?
- I. Oil refining
  - II. Automobile manufacturing
  - III. Chemical manufacturing
  - IV. Fashion designing
- (A) Only I
  - (B) Only II
  - (C) Only I & III
  - (D) I, II, III, IV
- Q8. Which of the following best describes the concept of "Margin of Safety" in business?
- (A) The amount of profit a company makes above its competitors
  - (B) The cushion or buffer between actual sales and the break-even point
  - (C) The difference between gross profit and net profit
  - (D) The percentage of revenue allocated for operating expenses
- Q9. Consider the given statements in the context of Marginal Costing. Choose the ones that is/are incorrect.
- I. Under this method, all indirect costs are to be written off against profits, in the period in which they arise.
  - II. Under marginal costing, total costs are segregated into the fixed cost and the variable costs.
  - III. Under marginal costing technique, the inventory valuation may become unrealistic as fixed costs are not included in the value of work-in-process and finished goods.
  - IV. It assumes that the sales price per unit will remain same irrespective of production and sales.
- (A) Only II & IV
  - (B) Only II
  - (C) Only I & IV
  - (D) All the statements are correct.
- Q10. What is the primary focus of a production budget?
- (A) Estimating future sales figures
  - (B) Planning the resources needed for production activities
  - (C) Calculating the cost of production
  - (D) Analyzing the profitability of the production process

- Q11. Which of the following statements about a bank reconciliation statement is correct?
- I. A bank reconciliation statement is prepared to identify discrepancies between a company's accounting records and the bank statement.
  - II. A credit balance in the bank statement represents overdraft.
  - III. Bank service charges and interest earned are adjustments made on the company's books.
  - IV. A bank reconciliation statement is only necessary for large corporations and is not relevant for small businesses.
- (A) I and II
  - (B) I and III
  - (C) II and III
  - (D) I, II, and III
- Q12. Which of the following statements regarding standard costing are correct?
- I. Standard costing involves setting predetermined cost levels for materials, labor, and overhead.
  - II. It provides a benchmark for evaluating actual performance against expected costs.
  - III. Standard costing is primarily used for historical cost reporting.
  - IV. Variances in standard costing can provide insights into areas of operational efficiency or inefficiency.
- (A) I & II
  - (B) I, II & III
  - (C) I, II & III
  - (D) I, II & IV
- Q13. What does a high debt/equity ratio indicate for a company?
- (A) The company has a higher level of financial leverage
  - (B) The company is more conservative in its financing approach
  - (C) The company is at a lower risk of default
  - (D) None of the above
- Q14. Which one of the following statements about Corporate Social Responsibility (CSR) is not correct?
- I. Corporate social responsibility is traditionally grouped in four categories, viz. environmental, philanthropic, ethical, and economic responsibility.
  - II. The statutory obligations are laid down in Section 135 of the Companies Act, 2013 which, inter alia, mention the activities that a company can undertake under CSR.
  - III. The companies must disclose the details of the CSR activities separately in the Annual report of the Board of Directors.
- (A) Only I
  - (B) Only II
  - (C) Only III
  - (D) All statements are correct
- Q15. Which statement accurately describes the relationship between bond price and yield to maturity (YTM)?
- (A) A bond's price and YTM are directly proportional.
  - (B) A bond's price and YTM are inversely proportional.
  - (C) A bond's price is not affected by its YTM.
  - (D) A bond's price is only affected by its face value.

- Q16. Which statement best describes the Going Concern Principle in accounting?
- (A) It means the business is guaranteed to be profitable in the future.
  - (B) It assumes that the business will continue its operations for the foreseeable future.
  - (C) It requires businesses to cease operations if they are not currently profitable.
  - (D) It implies that all expenses should be paid immediately to ensure ongoing operations.
- Q17. What does the accrual concept in accounting entail?
- (A) Recognizing revenue and expenses when they are incurred, regardless of when cash is exchanged
  - (B) Recording revenue and expenses only when cash is received or paid
  - (C) Recognizing revenue and expenses only at the end of the financial year
  - (D) Ignoring revenue and expenses in financial statements
- Q18. Depreciation is computed for the following purposes:
- I. To ascertain the current market value of an asset.
  - II. To distribute the cost of an asset over its useful lifespan.
  - III. To establish the salvage value of an asset.
  - IV. To compute the tax liability associated with an asset.
- (A) Only I
  - (B) Only II
  - (C) II, III
  - (D) I, II, III, IV
- Q19. Which of the following accurately defines the break-even point?
- (A) The point at which a company covers all its costs and begins to generate profit
  - (B) The point at which a company's revenue equals its total expenses.
  - (C) The point at which a company's total sales revenue equals its variable costs.
  - (D) The point at which a company reaches its maximum production capacity.
- Q20. Which accounting rule applies to Cash Account?
- I. Debit all expenses and losses, credit all incomes and gains
  - II. Debit the receiver, credit the giver
  - III. Debit what comes in, credit what goes out
- (A) Only I
  - (B) Only II
  - (C) Only III
  - (D) Either I or III
- Q21. Which of the following can be used to calculate net worth?
- I. Total Assets - Creditors
  - II. Capital + Reserves & Surplus
  - III. Current Assets - Current Liabilities
  - IV. Capital - Reserves & Surplus
- (A) Only I
  - (B) Only I & II
  - (C) Only I & III
  - (D) Only II

Q22. How can Net Working Capital be calculated?

- I. Total Assets - Total Liabilities
  - II. Current Assets - Current Liabilities
  - III. Current Assets + Current Liabilities
  - IV. Total Assets + Total Liabilities
- (A) Only I
  - (B) Only II
  - (C) Only III
  - (D) I, II, III, IV

Q23. The formula for calculation of Quick Ratio:

- |  |  |
|--|--|
| I. $\frac{\text{Current Assets}}{\text{Current Liabilities}}$                      | II. $\frac{\text{Current Liabilities}}{\text{Current Assets}}$ |
| III. $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$ |  |
| IV. $\frac{\text{Current Liabilities} - \text{Inventory}}{\text{Current Assets}}$  |  |

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

Q24. Under Section 80C of the Income Tax Act, an individual can claim a deduction for:

- I. Medical insurance premium paid
  - II. Life insurance premiums
  - III. Contribution towards the Public Provident Fund (PPF)
  - IV. Repayments made towards the principal component of home loan EMIs
- (A) Only I
  - (B) Only II
  - (C) Only II & III
  - (D) Only II, III, & IV

Q25. The East India Company, established by the British, was an example of:

- I. Public Limited Company
  - II. Private Company
  - III. Partnership firm
  - IV. Joint Stock Company
- (A) Only I
  - (B) Only II
  - (C) Only IV
  - (D) Both III & IV

Q26. A company has total assets worth Rs. 20,00,000 and its owners' equity (capital) is Rs. 8,00,000. What are the outside liabilities?

- (A) ₹ 12,00,000
- (B) ₹ 3,00,000
- (C) ₹ 7,00,000
- (D) ₹ 8,00,000

- Q27. A company has current assets of Rs. 10,00,000 and current liabilities of Rs. 5,00,000. What is the working capital?  
(A) Rs. 5,00,000  
(B) Rs. 10,00,000  
(C) Rs. 2,00,000  
(D) None of the above
- Q28. A company has current assets of Rs. 1,50,000, with Rs. 40,000 of that being inventory. Its current liabilities amount to Rs. 60,000. What is the quick ratio?  
(A) 1.833  
(B) 1.533  
(C) 1.75  
(D) 2
- Q29. A company has total liabilities of Rs. 5,00,000 and total assets of Rs. 10,00,000. Calculate the debt to assets ratio.  
(A) 0.25  
(B) 0.5  
(C) 0.75  
(D) 1
- Q30. Company *ABC* has a current stock price of Rs. 50 per share. Its earnings per share (EPS) for the last year were Rs. 5. Calculate the priceearnings ratio ( *P/E* ratio).  
(A) 10  
(B) 20  
(C) 50  
(D) 500
- Q31. A company has fixed assets worth Rs. 4,00,000 and long-term funds amounting to Rs. 6,00,000. Calculate the fixed assets ratio.  
(A) 0.33  
(B) 0.5  
(C) 0.67  
(D) 1
- Q32. A company purchases a machine for Rs. 50,000 with an estimated salvage value of Rs. 5,000 after 5 years. What will be the annual depreciation expense using the Straight Line Method (SLM)?  
(A) ₹9,000  
(B) ₹ 10,000  
(C) ₹9,500  
(D) ₹ 10,500

- Q33. A company purchases a machine for Rs. 100,000. The estimated useful life of the machine is 5 years, and the salvage value is Rs. 10,000. Calculate the depreciation expense for the second year using the Written Down Value (WDV) method. If the company uses the reducing balance depreciation method with a depreciation rate of 20%, find the book value of the machine at the end of the third year?
- (A) ₹46,080  
(B) ₹86,400  
(C) ₹49,830  
(D) ₹51,360
- Q34. When a company receives cash from a customer, which account will be debited and which account will be credited?
- (A) Cash account will be debited; Customer's account will be credited  
(B) Cash account will be credited; Customer's account will be debited  
(C) Cash account will be debited; Sales account will be credited  
(D) Cash account will be credited; Sales account will be debited
- Q35. Which financial statement provides information about the cash flows of a company during a specific period?
- I. Income Statement  
II. Balance Sheet  
III. Cash Flow Statement  
IV. Statement of Retained Earnings
- (A) Only I  
(B) II & III  
(C) Only III  
(D) III & IV
- Q36. NPV (Net Present Value), IRR (Internal Rate of Return), and ARR (Accounting Rate of Return) are concepts used in:
- (A) Marketing Strategy  
(B) Capital Investment Decisions  
(C) Operations Management  
(D) Equipment Leasing
- Q37. Which of the following is an example of CSR (Corporate Social Responsibility)?
- (A) Donating a portion of profits to a local charity.  
(B) Providing employees with extra vacation days.  
(C) Offering discounts to loyal customers.  
(D) Increasing advertising budgets.
- Q38. The straight-line depreciation method evenly distributes the cost of an asset over its useful life. Which statement is accurate regarding straightline depreciation?
- (A) The depreciation cost remains consistent over the asset's useful life.  
(B) The depreciation cost diminishes over the asset's useful life.  
(C) The depreciation cost escalates over the asset's useful life.  
(D) The concept of depreciation cost doesn't apply to intangible assets.



- Q44. A company purchases a piece of equipment for Rs. 8,20,000. The estimated useful life is 8 years and the salvage value is Rs. 65,000. If the company uses a depreciation rate of 20% using the Written Down Value (WDV) method, what will be the book value of the equipment after 2 years?
- (A) ₹4,39,000  
(B) ₹5,10,300  
(C) ₹4,83,200  
(D) ₹4,23,200
- Q45. As per the annual Financial Statements in the form of Profit and Loss Account and Balance Sheet are required to be audited in accordance with the requirements of applicable statutes.
- (A) Companies Act, 2013  
(B) RBI Act, 1934  
(C) Banking Regulation Act, 1949  
(D) Both A and B
- Q46. Which of the following is/are the disadvantages of computerized accounting?
- I. Increased risk of security breaches  
II. Initial setup cost and training expenses  
III. Inability to carry out complex accounting transactions  
IV. Reduced data accuracy
- (A) Only I  
(B) Only II  
(C) Only I & II  
(D) Only I, IV
- Q47. What is a contract between two parties whereby they agree to exchange a stream of interest payments on a notional principal for a given period at pre-agreed intervals of time?
- (A) Mortgage Agreement  
(B) Loan Modification  
(C) Interest Rate Swap  
(D) Payment Plan
- Q48. Costing refers to:
- I. The process of calculating the overall expenses incurred in manufacturing a product or delivering a service.  
II. Distributing costs to different divisions or cost centers within a company.  
III. Analyzing costs to understand their patterns and connection with production levels.  
IV. Determining a company's profit or loss by evaluating its revenue and expenditures.
- (A) Only I  
(B) Only II  
(C) Only III  
(D) I, II, III, IV

- Q49. Which of the following statements is correct in the context of trading account?
- I. It shows the revenues, expenses, along with net profit or loss of a company for a specific period.
  - II. The trading account calculates the gross profit or loss of a business by comparing the cost of goods sold with the sales revenue.
  - III. It includes only direct costs related to the purchase and sale of goods.
  - IV. The trading account is the first step in preparing the final accounts of a business.
- (A) Only I  
(B) Only II  
(C) II, III, IV  
(D) I, II, III, IV
- Q50. Corporate Social Responsibility (CSR) entails:
- I. Environmental protection
  - II. Social development
  - III. Ethical business practices
  - IV. Philanthropic giving
- (A) Only I  
(B) Only III  
(C) Only II & III  
(D) I, II, III, IV
- Q51. What is the highest discount a company can provide when issuing new equity shares?
- (A) 10% of the face value  
(B) 5% of the face value  
(C) 1% of the face value  
(D) Fresh shares cannot be issued at discount
- Q52. A company purchases machinery for Rs. 50 lakhs for its production facility. It pays 60% in cash and the remaining 40% through a bank loan. What will be the effect of this transaction on the company's financial position?
- (A) Machinery increases by Rs. 50 lakhs, cash decreases by Rs. 30 lakhs, and there is a new liability of Rs. 20 lakhs.  
(B) Machinery increases by Rs. 30 lakhs, cash decreases by Rs. 20 lakhs, and there is a new liability of Rs. 50 lakhs.  
(C) Machinery increases by Rs. 50 lakhs, cash decreases by Rs. 20 lakhs, and there is a new liability of Rs. 30 lakhs.  
(D) Machinery increases by Rs. 30 lakhs, cash decreases by Rs. 30 lakhs, and there is a new liability of Rs. 20 lakhs.
- Q53. What is meant by Reserve Capital?
- (A) The portion of subscribed but yet-to-be called-up capital.  
(B) Profits that have been accumulated over several years.  
(C) A segment of Capital Reserve set aside for specific purposes.  
(D) A portion of Capital Redemption Reserve earmarked for future use.
- Q54. A company issued 15,000. shares at Rs. 20 each, with an application money of Rs. 5 and an allotment money of Rs. 8. If 200 shareholders fail to pay the allotment money, resulting in the forfeiture of their shares, what will be the balance in the forfeiture account?
- (A) Rs. 75,000  
(B) Rs. 2000  
(C) Rs. 1500  
(D) Rs 1000

- Q55. In bookkeeping, what does a debit represent?  
(A) An entry on the left hand side of an account  
(B) Decrease in asset  
(C) Increase in liability  
(D) An entry on the right hand side of an account
- Q56. What kind of purchases are recorded in the Purchase Book (or Purchases Journal)?  
(A) Credit purchases of goods-in-trade  
(B) Cash purchases of goods-in-trade  
(C) Both A and B  
(D) Credit purchases of fixed assets
- Q57. According to accounting principles, which valuation method should be applied for determining the value of closing stock?  
(A) Take the higher of the purchase cost or market value.  
(B) Take the average of the purchase cost and market value.  
(C) Take the purchase cost only.  
(D) Take the lower of the purchase cost or market value.
- Q58. What is an error of omission in accounting?  
(A) Failing to record a transaction in the books of accounts.  
(B) Recording a transaction but with an incorrect amount.  
(C) Recording a transaction on the wrong date.  
(D) Incorrectly classifying a transaction in the financial statements.
- Q59. In order to rectify a sale of Rs. 7,500 that was erroneously posted to Mohan instead of Sohan, which of the following journal entries should be made?  
(A) Debit Mohan account and credit Sohan account with Rs. 7,500  
(B) Debit Mohan account and credit Sales account with Rs. 7,500  
(C) Debit Sales account and credit Sohan with Rs. 15,000  
(D) Debit Sales account and credit Sohan account with Rs. 7,500
- Q60. Most of the companies in India are statutorily required to spend at least of their average net profits, made during the previous financial years, towards the Corporate Social Responsibility (CSR) in the current financial year.  
(A) 2%, 2  
(B) 2%, 3  
(C) 3%, 2  
(D) 3%, 3
- Q61. What kind of voucher is issued by the bank when it in case it issues cheques/pay orders?  
(A) A debit voucher  
(B) A credit voucher  
(C) A composite voucher  
(D) A consolidated voucher

- Q62. A businessman purchased goods against cash from Mohan.  
Which of the following accounts will be debited?  
(A) Cash A/c  
(B) Goods A/c  
(C) Mohan's A/c  
(D) Both A and B
- Q63. A company has total assets worth Rs. 5,00,000 and total liabilities of Rs. 3,00,000. What is the net worth of the company?  
(A) Rs. 8 lakhs  
(B) Rs. 5 lakhs  
(C) Rs. 3 lakhs  
(D) Rs. 2 lakhs
- Q64. Expenditures in accounting can be categorized into two main types: capital expenditures and revenue expenditures.  
What kind of expenditure is acquisition of machinery by a manufacturing firm?  
(A) Capital expenditure  
(B) Revenue expenditure  
(C) Deferred revenue expenditure  
(D) None of the above
- Q65. In case of direct rates, if the forward rate is more than the spot rate, the is called as being at a  
(A) base currency, premium  
(B) base currency, discount  
(C) foreign currency, premium  
(D) None of the above
- Q66. Calculate the interest differential using the following information:  
  - Forward points = 0.01650
  - No. of days in the year = 365
  - Spot rate = 1.25
  - Forward period = 90.days  
(A) 5.35%  
(B) 4.50%  
(C) 5.55%  
(D) 5.90%
- Q67. For a 4-year loan paid back in equal quarterly installments, which type of annuity results in a higher future value:  
(A) Annual annuity  
(B) Annuity due  
(C) Special annuity  
(D) Ordinary annuity

- Q68. A person takes out a loan of Rs. 1,00,000 at an annual interest rate of 8% for a tenure of 3 years. What will be the monthly EMI (Equated Monthly Installment) amount?
- (A) Rs. 3245
  - (B) Rs.3134
  - (C) Rs.3145
  - (D) None of the above
- Q69. When a specified amount of money is needed at a specified future date, it is a good practice to accumulate systematically a fund by means of Such a fund is called a sinking fund.
- (A) Random investments
  - (B) Lump sum payments
  - (C) Equal periodic deposits
  - (D) Variable contributions
- Q70. What is a characteristic of callable bonds?
- (A) They have a fixed interest rate.
  - (B) They are also known as zero-coupon bonds.
  - (C) They are not subject to interest rate risk.
  - (D) The issuer has the option to redeem them before maturity.
- Q71. Calculate the Income Elasticity (IE) for a bond. If the percentage change in price for the bond in period 't' is 4% and the percentage change in yield to maturity for the bond is 2%, what is the Income Elasticity?
- (A) 0.5
  - (B) 1
  - (C) 2
  - (D) 4
- Q72. ABC Ltd. has an average inventory of Rs. 50,000 and its cost of goods sold (COGS) is Rs. 2,00,000. Calculate the stock turnover ratio.
- (A) 3 times
  - (B) 4 times
  - (C) 5 times
  - (D) 6 times
- Q73. Which of the following is a measure of liquidity of a company?
- I. Inventory Turnover Ratio
  - II. Current Ratio
  - III. Quick Ratio
  - IV. Operating Ratio
- (A) II & III
  - (B) I & II
  - (C) II & IV
  - (D) I, II, III

- Q74. A is the home currency price of one unit of the foreign currency.
- (A) Selling rate
  - (B) Buying rate
  - (C) Direct rate
  - (D) Indirect rate
- Q75. A company is experiencing a 10% increase in its year-on-year profit, but it still maintains negative cash flow. How would you assess this situation in the long term?
- (A) Favourable
  - (B) Unfavourable
  - (C) Insufficient information
  - (D) None of the above
- Q76. Dividend paid is a part of which activity in the cash flow statement?
- (A) Operating activities
  - (B) Investing activities
  - (C) Financing activities
  - (D) Either A or B
- Q77. How is the amortization of patents treated in the cash flow statement?
- (A) Added back to net income under Operating Activities
  - (B) Deducted from net income under Operating Activities
  - (C) Included under Investing Activities
  - (D) Included under Financing Activities
- Q78. are oriented more towards growth as they discourage consumption and help enhance savings.
- (A) Direct Tax
  - (B) Sales Tax
  - (C) Indirect tax
  - (D) Income Taxes
- Q79. How is a budget typically expressed?
- (A) Solely in monetary terms.
  - (B) Solely in physical units.
  - (C) In both monetary terms and physical units.
  - (D) In neither monetary terms nor physical units.
- Q80. is designed to change as volume of output changes.
- (A) Flexible Budget
  - (B) Fixed budget
  - (C) Master budget
  - (D) All of the above

- Q81. In which type of accounting is the concept of break-even point primarily utilized?
- (A) Tax Accounting
  - (B) Marginal Costing
  - (C) Management Costing
  - (D) Cost Accounting
- Q82. Which of the following is an accurate formula of Margin of Safety?
- (A)  $\frac{\text{Sale Price}}{\text{Contribution}} \times 100$
  - (B) Total Sales - (Variable Cost + Fixed Cost)
  - (C)  $\frac{\text{Estimated sales}}{\text{Break-even sales}} \times 100$
  - (D)  $\frac{\text{Estimated Sales} - \text{Break even Sales}}{\text{Estimated Sales}} \times 100$
- Q83. What is the primary significance of the Profit Volume (P/N) ratio in financial analysis?
- (A) It gives an idea of profitability of each product.
  - (B) It can be used by the management to decide about pushing the sales of certain products.
  - (C) It is helpful in deciding whether to purchase certain components from outside or continue in-house production.
  - (D) All of the above
- Q84. Which method of costing is typically used when a business produces similar items in large quantities?
- (A) Job Costing
  - (B) Batch Costing
  - (C) Process Costing
  - (D) Contract Costing
- Q85. Which of the following types of accounting uses financial planning as a tool?
- (A) Cost Accounting
  - (B) Financial Accounting
  - (C) Management Accounting
  - (D) All of the above
- Q86. Discounted cash flow (DCF) methods are a set of valuation techniques used to estimate the value of an investment based on its expected future cash flows.  
Which of the following method is a discounting techniques of investment appraisal?
- (A) IRR Method
  - (B) NPV Method
  - (C) Average Rate of Return
  - (D) Both A & B
- Q87. Working capital loans are normally sanctioned for but are payable on demand.
- (A) one year
  - (B) two year
  - (C) three years
  - (D) six months

- Q88. Which of the following have Separate legal identity?
- (A) Company
  - (B) Sole proprietor
  - (C) Partnership
  - (D) All of the above
- Q89. Which theory focuses on the relationship between a company and its external constituencies, emphasizing duties and responsibilities?
- (A) Agency Theory
  - (B) Stakeholder Theory
  - (C) Neither A nor B
  - (D) Both A & B
- Q90. What primarily determines the value of a derivative?
- (A) Historical performance of the underlying asset
  - (B) Current market conditions
  - (C) Expected future movements of the underlying asset
  - (D) Previous day's trading volume
- Q91. Consider the following statements in the context of Swaps. Choose the one that is not correct.
- (A) A swap is a custom tailored bilateral agreement in which cash flows are determined by applying a prearranged formula on a notional principal.
  - (B) In interest rate swap, there is no exchange of principal.
  - (C) Use of swap is not allowed in India.
  - (D) Swap can be used for asset liability management.
- Q92. A firm borrows money for long-term primarily for:
- (A) Financing capital investments and expansion
  - (B) Partly financing the current assets
  - (C) Purchasing fixed assets
  - (D) All of the above
- Q93. The return on a bond/debenture, purchased by an investor in the secondary market, is equal to Yield to Maturity (YTM) of that bond/debenture.
- What is the formula of YTM of a bond/debenture?
- ( $M$  is the Maturity value,  $P$  is the present market value and  $n$  is the number of years left to maturity)
- (A) 
$$\frac{\text{Annual Interest Payment} + (M - P)}{0.6 \times M + 0.4 \times P}$$
  - (B) 
$$\text{Annual Interest Payment} + \frac{(M - P)}{n}$$
  - (C) 
$$\frac{\text{Annual Interest Payment} + (M - P)}{0.6 \times P + 0.4 \times M}$$
  - (D) 
$$\text{Annual Interest Payment} + \frac{(M - P)}{n}$$

- Q94. Which of the following factors can influence the capital structure of a firm?
- I. Market demand for the firm's products
  - II. Cost of debt
  - III. Taxation
- (A) Only I & II  
(B) Only II  
(C) Only III  
(D) Only II & III
- Q95. Which of the following factors does not contribute to an increase in risk and uncertainties in the banking sector?
- (A) Rapid changes in economic conditions
  - (B) Complex financial products and derivatives
  - (C) Stringent regulatory policies
  - (D) None of the above is correct
- Q96. The Institute of Chartered Accountants of India has issued to establish standards on procedures to be followed when an internal audit is conducted in an information technology environment.
- (A) SA 15
  - (B) SA 16
  - (C) SA 13
  - (D) SA 14
- Q97. Fill in the blank:  
Each deductor is required to obtain a Tax Deduction Account Number (TAN), except when tax is deducted under \_\_\_\_\_.
- (A) Section 194-IA
  - (B) Section 193-IA
  - (C) Section 196-IA
  - (D) Section 198-IA
- Q98. Profit is the financial gain that a business or individual earns from their activities. Which of the following factors influence profit directly?
- I. Market demand
  - II. Employee satisfaction
  - III. Selling price
  - IV. Cost of Goods Sold
- (A) Only I & III  
(B) I, II, & III  
(C) I, II, & IV  
(D) I, III, & IV

Q99. A standard price is a predetermined or established cost that a company expects to incur in producing a unit of a product or delivering a service. It serves as a benchmark or reference point against which actual costs and performance can be compared.

Which of the following factors influences the determination of a standard price?

- (A) Market demand
- (B) Historical costs
- (C) Employee preferences
- (D) Advertising expenses

Q100. Costing is the process of determining the expenditure incurred in producing a product or providing a service. Correct costing is crucial for any business organisation as it has a direct bearing on all its sales and marketing strategies. Among the mentioned methods, which of the following is not the method of costing?

- (A) Unit Costing
- (B) Batch costing
- (C) Contract costing
- (D) Manufacturing costing

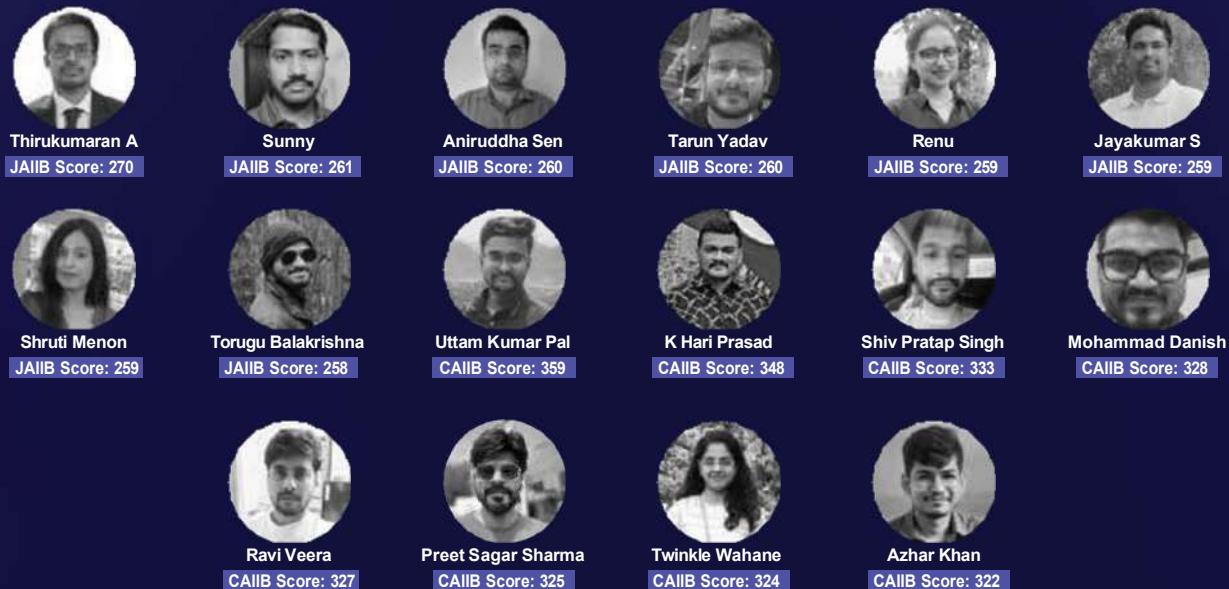
## Answer Key

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



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# 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. Sharma SIR.



16:20

MR

## Gau K

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



15:19

GK

## Manisha Morya

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



15:21

MM

## AND

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



KM

15:36



## 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

## 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

## 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

## 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



## 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

AS

## Arif Sheikh

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

11:54



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