



20 Recollected Questions in Accounting and Finance for Bankers (AFB) For JAIIB 2022 Examination

KEY HIGHLIGHTS

- **Most likely to be Asked Questions**
- **Recollected from the Previous 5 Years**
- **Thoroughly Curated by Industry Experts**
- **20 Questions with Solutions**
- **Based on the Latest Pattern for 2022 Exam**



PART-I

Accounting & Finance for Bankers (AFB) - Part I

Q1. Population of city - Current year 24 Lakhs. Increasing 7% yearly.
What will be the population after 6 years?

- (a) 1770810
- (b) 1830943
- (c) 3601753
- (d) 5372563

Ans: (c)

Explanation: Population after 6 years at 7% interest

$$\begin{aligned}A &= P(1+r)^t \\ &= 2400000 (1+0.07)^6 \\ &= 2400000 \times 1.50073 \\ &= 3601753\end{aligned}$$

Q2. What was the population before 4 years?

- (a) 1770810
- (b) 1830943
- (c) 3601753
- (d) 5372563

Ans: (b) Population before 4 years at 7% interest

If $P(1+r)^t = 2400000$, find P

$$P (1.07)^4 = 2400000$$

$$P (1.3108) = 2400000$$

$$P = 2400000 / 1.3108$$

$$P = 1830943$$

Q3. What is the difference population between those years

- (a) 1770810
- (b) 1830943
- (c) 3601753
- (d) 5372563

Ans: (a) Difference between the 2

$$3601753 - 1830943$$

$$= 1770810$$

Q4. Banking definition comes under which act?

- (a) Banking Regulation Act, 1949
- (b) Reserve Bank of India act, 1934
- (c) Negotiable Instrument act, 1881
- (d) Regional Rural Banks Act, 1976

Ans: (a)



Q5. A bond, whose par value is Rs. 5000, bears a coupon rate of 10.75 % payable semi-annually and has a maturity period of 4 years. The required rate of return on bond is 8 %. What is the value of this bond?

- (a) 5267
- (b) 5480
- (c) 5259
- (d) 5462

Ans: (d)

Explanation: Semi-annual interest payable = $5,000 \times 10.75 \text{ per cent}/2 = 268.75$

Principal repayment at the end of 4 years = Rs. 5,000

The value of the bond

$$\begin{aligned} &= 268.75 (\text{PVIFA } 8\%/2, 8 \text{ pds}) + \text{Rs. } 5,000 (\text{PVIF } 8\%/2, 8 \text{ pds}) \\ &= 268.75 (6.7327) + 5,000 (0.7307) \\ &= 1809.41 + 3653.50 \\ &= 5462.91 \end{aligned}$$

Q6. Accounting Standard 6 deals with _____

- (a) Disclosure of Accounting Policies
- (b) Depreciation Accounting
- (c) Consolidated Financial Statements
- (d) Accounting for Taxes on Income

Ans: (b)

Q7. Objects of company are mentioned in _____

- (a) Memorandum of Association
- (b) Articles of association
- (c) Both a and b
- (d) None of the above

Ans: (a)

Q8. Bank reconciliation is done by _____

- (a) Customer
- (b) Bank
- (c) Auditor
- (d) Any of the above

Ans: (a)

Q9. According to the concept of money measurement the following will not be recording in the books of accounts . (i) simplicity of the general management, (ii) death of the general manager, (iii) gratuity paid to the general managers wife after his dearth

- (a) Only (i) and (ii)
- (b) Only (i) and (iii)
- (c) Only (ii) and (iii)
- (d) (i), (ii) and (iii)

Ans: (a)

Directions (10-11): On the basis of the information given below, answer the following questions.

The balance in the accumulated provision for depreciation account of a company as at the beginning of the year 2020-2021 was Rs. 2,00,000 when the original cost of the assets amounted to Rs. 10,00,000. The company charges full 10% depreciation on a straight line basis for all the assets including those which have been either purchased or sold during the year. One such asset costing Rs. 5,00,000 with accumulated depreciation as at the beginning of the year of Rs. 1,00,000 was disposed of during the year.

Q10. Depreciation for the current year is .

- (a) Rs. 40,000
- (b) Rs. 50,000
- (c) Rs. 60,000
- (d) Rs. 1,00,000

Ans: (d)

Q11. The balance of the accumulated depreciation account at the end of the year considering the current year's depreciation charge would be .

- (a) Rs. 2,20,000
- (b) Rs. 1,50,000
- (c) Rs. 1,20,000
- (d) Rs. 2,50,000

Ans: (b)

Q12. Which of the following is/are types of Petty cash book? (i) Simple Petty Cash Book, (ii) Columnar Petty Cash Book

- (a) Only (i)
- (b) Only (ii)
- (c) Either (i) or (ii)
- (d) Both (i) and (ii)

Ans: (d)

Q13. Full form of FIFO _____

- (a) First In, First On
- (b) First In, First Out
- (c) First Inside, First Outside
- (d) None of the above

Ans: (b)

Q14. According to which concept, profit is the liability of the firm?

- (a) Business Entity Concept
- (b) Matching Concept
- (c) Dual Concept
- (d) Cost Concept

Ans: (a)

Q15. Prepaid expenses and outstanding expenses are taken into account by a firm on the basis of which following concept?

- (a) Money measurement concept
- (b) Accrual basis of accounting
- (c) Cost concept
- (d) Dual aspect concept

Ans: (b)

Q16. For the purpose of STR (Suspicious Transaction Reports), Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith _____ (i) Gives rise to a reasonable ground of suspicion that it may involve the proceeds or crime, (ii) Appears to be made in circumstances of unusual or unjustified complexity, (iii) Appears to have no economic rationale or bonafide purpose

- (a) Only (i) and (ii)
- (b) Only (i) and (iii)
- (c) Only (ii) and (iii)
- (d) (i), (ii) and (iii)

Ans: (d)

Q17. Health of the proprietor which affects the business activity and hence the profit, is not recorded in the books due to which of the following .

- (a) Business entity concept
- (b) Money measurement concept
- (c) Realization concept
- (d) Going concern concept

Ans: (b)

Q18. Capital of a firm is 35, reserves 11. Its debentures are 80 and preliminary expenses 6. The debt equity ratio will be:

- (a) 0.5:1
- (b) 2:1
- (c) 1.7:1
- (d) none of the above

Ans: (b)

Explanation: Long term liabilities are 80 and tangible net worth 40 (35+11-6). Hence ratio is 2 (80/40)

Q19. Generally Accepted Accounting Principles (GAAP) is Regulated by _____ (i) Financial Accounting Standards Board (FASB), (ii) Governmental Accounting Standards Board (GASB)

- (a) Only (i)
- (b) Only (ii)
- (c) Either (i) or (ii)
- (d) Both (i) and (ii)

Ans: (d)

Q20. Which of the following is/are properties of Bond Duration?

(i) Duration is inversely related with coupon rate, (ii) Duration is positively related with time to maturity, (iii) Duration is inversely related with yield to maturity

- (a) Only (i) and (ii)
- (b) Only (i) and (iii)
- (c) Only (ii) and (iii)
- (d) (i), (ii) and (iii)

Ans: (d)



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