



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-II

Accounting & Finance for Bankers (AFB) – Part II

Q1. What is the denominator of Inventory Turnover Ratio?

- (a) Beginning inventory
- (b) Ending inventory
- (c) Beginning inventory + Ending inventory
- (d) (Beginning inventory + Ending inventory) / 2

Ans: (d)

Q2. Maximum number of members in private companies as per Companies Act, 2013 is _____

- (a) 50
- (b) 100
- (c) 200
- (d) 500

Ans: (c)

Q3. Debt equity ratio is 4:1, Current ratio is 2:1, Total assets 2000000, Owned liabilities 300000. what is the current assets?

- (a) 8 lakhs
- (b) 10 lakhs
- (c) 12 lakhs
- (d) 15 lakhs

Ans: (b)

Explanation: Debt equity ratios is 4:1 means 12 lac : 3 lac

Asset = Current Liabilities + Debt + Equity i.e

20 Lac = Current Liabilities + 12 Lac + 3 Lac

Current Liabilities = 20 Lac - 15 Lac = 5 Lac

Current Ratio is 2 : 1

Current Assets = 2 x 5 = 10 Lac

Directions (4-5): Reverse Mortgage Loan (RML) Scheme, though apparently enables senior's regular income by pledging home with the lending bank, the product has not met with much success due to obvious reasons such as non-availability of regular income beyond tenure leading to uncertainty as to how manage without payment after the loan term, quantum, etc. To overcome the weakness of the scheme, an improved Reverse Mortgage Loan enabled Annuity Scheme (RMLeA) has involved as significant improvement over the initial RML product variant.

Answer the following question:

- Q4.** RMLeA scheme has been promoted by .
 (i) National Housing Bank
 (ii) HDFC Ltd
 (iii) Central Bank of India
 (iv) Star Union Daichi life insurance Company ltd.
 (a) (i) and (ii) only
 (b) (iii) and (iv) only
 (c) (i),(iii) and (iv) only
 (d) (i),(ii) and (iii) only
- Q5.** Which of the following features are true in respect of RMLeA?
 (i) Married couples will be eligible as joint borrower for financial assistance
 (ii) Joint borrower will have the option to receive the annuity separately in their respective individual names on proportionate basis that may decide
 (iii) The senior Citizen borrower are eligible to receive assured life-time payments even after completion of the fixed term with increased quantum of annuity
 (vi) The periodic annuity payments are subject to Income Tax and Taxable in the hand of the annuity recipients.
 (a) (i),(iii) and (vi)are correct
 (b) (ii),(iii) and (vi)are correct
 (c) (iii),(ii) and (i)are correct
 (d) All (i),(ii),(iii) and (vi)are correct
- Q6.** The LTV in respect of Senior Citizen in the age bracket of 70-80 as per the scheme is .
 (a)50%
 (b)75%
 (c)70%
 (d)60%
- Q7.** Under reverse Mortgage Loan Enabled Annuity (RMLeA), which of the following are considered as the primary annuity sourcing institution?
 (a) Scheduled Commercial Banks
 (b) Housing finance Companies
 (c) Life insurance Corporations
 (d) All the above
 Explanation:
 1-b, 2-a, 3-c, 4-c
- Q8.** How much will an ordinary annuity of Rs. 650 per year be worth in eight years at an annual interest rate of 6 percent?
 (a) Rs. 8,975.38
 (b) Rs. 6,897.76
 (c) Rs. 7,021.80
 (d) Rs. 6,433.38
Ans: (d)



Explanation:

$$FVA_n = PMT [FVIFA_{i,n}]$$

$$FVA_8 = Rs. 650 [FVIFA_{6\%,8}]$$

$$= Rs. 650 (9.8975)$$

$$= Rs. 6,433.38$$

- Q9.** What would you pay for an ordinary annuity of Rs. 2,000 paid every six months for 12 years if you could invest your money elsewhere at a nominal interest rate of 10% compounded semiannually?
- (a) Rs. 13,798.60
(b) Rs. 25,500.35
(c) Rs. 27,597.20
(d) Rs. 26,957.20

Ans: (c)

Explanation:

$$PVA_n = PMT [PVIFA_{i,n}]$$

$$PVA_{24} = Rs. 2,000 [PVIFA_{5\%,24}] = Rs. 2,000 (13.7986)$$

$$PVA_{24} = Rs. 27,597.20$$

- Q10.** KYC is required to be done at least in every _____ for high risk customers
- (a) 2 Years
(b) 5 Years
(c) 8 Years
(d) 10 Years

Ans: (a)

- Q11.** Maximum monthly withdrawal limit for Small Savings A/c is _____
- (a) Rs. 10000
(b) Rs. 20000
(c) Rs. 50000
(d) Rs. 100000

Ans: (a)

- Q12.** If a company issues bonus shares at 2:1, the debt equity ratio will:
- (a) Remain unaffected
(b) Will go up in the same ratio of issue of bonus to the original holding
(c) Will improve in the same ratio of issue of bonus to the original holding
(d) Will be lowered

Ans: (a)

- Q13.** Interest rate elasticity of a bond is .
- (a) Always a negative number
(b) Always a positive number
(c) Positive or negative number depending on the market condition
(d) Positive or negative number depending on the market value

Ans: (b)

Q14. Which of the following is peculiar to a partnership firm?

- (a) It has perpetual existence
- (b) It has large number of owners
- (c) All owners have unlimited liability
- (d) Govt control is very strict

Ans: (c)

Q15. Current Ratio = 2:1

Quick Ratio = 1.5:1

Current Liabilities = 1,60,000

Amount of value of inventory?

- (a) 50,000
- (b) 80,000
- (c) 70,000
- (d) 90,000

Ans: (b)

Q16. 1 US\$ = Rs. 67.75/78

1 US\$ = 7.52 HKD

1 HKD = Rs. _____?

- (a) 7.5
- (b) 9.01
- (c) 18.01
- (d) 15

Explanation:

We will get US\$ 1 for Rs.67.78 and for one US\$ we will get HKD 7.52

So, so get 1 HKD

52 HKD = 1 US\$ = 67.78

1 HKD = 67.78/7.52

1 HKD = 9.0132

Q17. Cash inflow - Rs. 55000

Useful life of the project - 5 years

IRR - 15%

Cost of capital - 11%

What is NPV of the project?

- (a) 19640
- (b) 20415
- (c) 18670
- (d) 17526

Ans: (c)

Q18. A bill of Rs. 94769 is drawn by 'A' on 'B' for 3 months on 01.01.2021. A gets the bill discounted from the bank on 17.02.2021. How much rebate amount will be deducted if rate of interest is 11.5% pa?

- (a) 2750
- (b) 1300
- (c) 1350
- (d) 1400

Ans: (b)

Q19. Which one of the following is incorrect relating to Employees Stop Option Scheme?

- (a) Guidelines are issued by SEBI
- (b) Employees have to apply for shares at a pre-determined price
- (c) ESOS is a right but no obligation to the employees
- (d) The right can be exercised at anytime by the employees

Ans: (d)

Q20. What will be the rectification entry for balance of sales account overcast by Rs. 24973?

- (a) Cash A/c Rs. 24973 Dr/To Sales A/c Rs. 24973
- (b) Sales A/c Rs. 24973 Dr/To Suspence A/c Rs. 24973
- (c) Sales A/c Rs. 24973 Dr/To Cash A/c Rs. 24973
- (d) Purchase A/c Rs. 24973 Dr/To Sales A/c Rs. 24973

Ans: (c)



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