

Specialized Accounting

Unit 2

Multiple Choice Questions

1. **The financial statements of banks are prepared in:**
 - a) Horizontal form
 - b) Vertical form
 - c) 'T' form
 - d) None of the above
2. **The subscribed capital of a bank should not be less than of:**
 - a) 25% of authorized capital
 - b) 50 % of authorized capital
 - c) 75% of authorized capital
 - d) None of the above
3. **Paid up capital of a bank should not be less than of:**
 - a) 25% of subscribed capital
 - b) 50% of subscribed capital
 - c) 75% of subscribed capital
 - d) None of the above
4. **Banks show the provision for income tax under the heading:**
 - a) Contingent liabilities
 - b) Anticipated liabilities
 - c) Other liabilities and Provisions
 - d) None of the above
5. **The rebate on bills discounted is an:**
 - a) Expenditure
 - b) Expenditure incurred in advance.
 - c) Income received in advance.
 - d) None of the above
6. **Bills for collection is written in balance sheet as:**
 - a) An income
 - b) An expenditure
 - c) An information
 - d) None of the above
7. **As per prudential norms, banks make provision on standard assets also @:**
 - a) 1%
 - b) .50%
 - c) .40%
 - d) None of the above
8. **The non-banking assets must be disposed off by a banking company within:**
 - a) One year
 - b) Three years
 - c) Five years
 - d) Seven years
9. **The item, non-banking assets is related to:**
 - a) Non –Banking Finance Companies
 - b) Residuary Non-Banking Companies
 - c) Non-Performing Assets
 - d) None of the above
10. **A banking company is not allowed to deal in:**
 - a) Goods
 - b) Immovable property
 - c) Bartering
 - d) All of the above
11. **A banking company cannot pay dividend unless it has completely written off:**
 - a) Preliminary expenses
 - b) Share selling commission.
 - c) Brokerage
 - d) all of the above
12. **The outstanding amount of acceptances & endorsements is shown as contingent Liabilities in:**
 - a) schedule 12 of balance sheet
 - b) schedule 13 of balance sheet
 - c) schedule 14 of balance sheet
 - d) none of the above

- 13. The discount of shares issued by a banking company cannot exceed:**
- 2.5 per cent of the paid-up value of shares
 - 5 per cent of the paid-up value of shares
 - 7.5 per cent of the paid-up value of shares
 - none of the above
- 14. Banks prepare the accounts for**
- Calendar year.
 - Financial year.
 - Cooperative year.
 - Diwali year.
- 15. As per Sec. 17 of the Banking Regulation Act every bank has to transfer of profit to statutory reserve fund account:**
- 10%
 - 15%
 - 20%
 - 25%
- 16. Banks show the provision for income-tax under the head:**
- Contingency accounts.
 - Contingent liabilities.
 - Other liabilities and provisions.
 - Borrowings.
- 17. The heading other assets does not include:**
- Silver.
 - Interest accrued.
 - Inter-office adjustment (Dr.)
 - Gold.
- 18. A scheduled bank shall maintain deposit with RBI equal to at least ____ of the time and demand liabilities.**
- 1%
 - 1.5%
 - 2%
 - 3%
- 19. Present Cash Reserve Ratio (CRR) is:**
- 2%
 - 3%
 - 4.5%
 - 5%
- 20. Present Statutory Liquidity Ratio (SLR) is:**
- 12%
 - 15%
 - 18%
 - 30%
- 21. Rebate on bills discounted is:**
- An item of income.
 - A liability.
 - Income received in advance.
 - Income outstanding.
- 22. A non-banking asset is**
- An item of office equipment.
 - Any asset acquired from the debtors in satisfaction of claim.
 - Money at call and short notice.
 - Furniture and fixtures.
- 23. A non-performing asset is:**
- Money at call and short notice.
 - An asset that ceases to generate income.
 - Cash balance in nil.
 - Cash balance with RBI.
- 24. Provision is created for standard assets @:**
- 10%
 - 20%
 - 30%
 - 0.40%
- 25. Provision is created for sub-standard assets @:**
- 10%
 - 15%

- c) 1972
d) 2002
- 52. General Insurance business was nationalised in the year:**
a) 1935
b) 1950
c) 1956
d) 1972
- 53. Insurance business in India is regulated by:**
a) SEBI
b) RBI
c) IRDA
d) Government
- 54. General insurance contract is a contract of:**
a) Indemnity
b) Guarantee
c) Both a & b
d) None of these
- 55. A general insurance business carrying on more than one type of insurance business prepares:**
a) A separate revenue account for each type of business.
b) A separate profit and loss account for each type of business.
c) A separate revenue account and a combined profit and loss account.
d) Consolidated financial statements are prepared.
- 56. In case of marine insurance, the provision against unexpired risk should be:**
a) 40% of the net premium
b) 50% of the net premium
c) 60% of the net premium
d) 100% of the net premium
- 57. In case of fire insurance, the provision against unexpired risk should be:**
a) 40% of the net premium
b) 50% of the net premium
c) 60% of the net premium
d) 100% of the net premium
- 58. _____ is a social device for eliminating or reducing the loss of society from certain risk.**
a) Premium
b) Policy
c) Insurance
d) Contract
- 59. Insurance provides security against _____**
a) Risk
b) Losses
c) Both (a) & (b)
d) None of them
- 60. The _____ is the party who agrees to compensate the other person against possible losses.**
a) Insured
b) Insurer
c) Assured
d) None
- 61. The _____ is the party who gets his life or property insured against risks.**
a) Insured
b) Insurer
c) Assurer
d) None
- 62. The insurer agrees to compensate the insured in consideration of a sum of money is called:**
a) Premium
b) Policy
c) Subject matter
d) None
- 63. The things or property insured is called _____ of insurance.**
a) Subject matter
b) Insurable interest
c) Policy
d) None
- 64. The interest which the insured has in the subject matter of insurance is called:**
a) Premium
b) Insurance interest
c) both (a) & (b)
d) None

- 65. The first Indian Insurance Company was:**
- Bombay Mutual Assurance Society Ltd.
 - Bombay Insurance Society Ltd.
 - Insurance Regulatory Development Authority
 - General Insurance Corporation
- 66. _____ means to make good the actual loss and nothing more than the actual loss.**
- Indemnity
 - Subrogation
 - Contribution
 - None
- 67. Insurable interest means _____ interest.**
- Individual
 - Social
 - Monetary
 - All of these
- 68. Which of the following insurance contract is not based on the principle of indemnity.**
- Fire insurance.
 - Marine insurance
 - Life insurance
 - None
- 69. Motor insurance provides insurance cover to:**
- Private vehicles
 - Commercial vehicles
 - Motorcycles
 - All of these
- 70. Expanded form of IRDA is:**
- Insurance Regulatory Development Authority
 - Insurance Reforms Development Act
 - Insurance Restructure Development Act
 - Indian Re-insurance Development Authority
- 71. IRDA is a _____ member team.**
- 10
 - 20
 - 15
 - 18
- 72. Marine insurance may cover loss or damage to the:**
- Ship
 - Cargo
 - Any other subject of Marine adventure
 - All of these