Specialized Accounting

<u>Unit 2</u>

Multiple Choice Questions

1.	The financial statements of banks are prepared	d in	:	
	a) Horizontal form	c)	'T' form	
	b) Vertical form	d)	None of the above	
2.	The subscribed capital of a bank should not be	e les	s than of:	
	a) 25% of authorized capital	c)	75% of authorized capital	
	b) 50 % of authorized capital	d)	None of the above	
3.	Paid up capital of a bank should not be less that	an o	f:	
	a) 25% of subscribed capital	c)	75% of subscribed capital	
	b) 50% of subscribed capital	d)	None of the above	
4.	Banks show the provision for income tax under	r th	e heading:	
	a) Contingent liabilities	c)	Other liabilities and Provisions	
	b) Anticipated liabilities	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 a	s:		
	a) An income	c)		
	b) An expenditure		None of the above	
7.			0	
	a) 1%		.40%	
	b) .50%		None of the above	
8.	The non-banking assets must be disposed off b	•		
	a) One year		Five years	
•	b) Three 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			
10	d) None of the above			
10.	A banking company is not allowed to deal in:	``		
	a) Goods		Bartering	
	b) Immovable property		All of the above	
11. A banking company cannot pay dividend unless it has completely written off:				
	a) Preliminary expenses		Brokerage	
10	b) Share selling commission.		all of the above	
12. The outstanding amount of acceptances & endorsements is shown as contingent				
	Liabilities in:	`		
	a) schedule 12 of balance sheet	c)		
	b) schedule 13 of balance sheet	d)	none of the above	

13. The discount of shares issued by a banking co	apany ca	nnot exceed:
a) 2.5 per cent of the paid-up value of shares	1 0	
b) 5 per cent of the paid-up value of shares		
c) 7.5 per cent of the paid-up value of shares		
d) none of the above		
14. Banks prepare the accounts for		
a) Calendar year.	c) Coor	berative year.
b) Financial year.	d) Diwa	•
15. As per Sec. 17 of the Banking Regulation Act	,	•
to statutory reserve fund account:		
a) 10%	c) 20%	
b) 15%	d) 25%	
16. Banks show the provision for income-tax und	/	1.
a) Contingency accounts.		r liabilities and provisions.
b) Contingent liabilities.	d) Borre	-
17. The heading other assets does not include:	u) Don	o wingo.
a) Silver.	c) Inter	-office adjustment (Dr.)
b) Interest accrued.	d) Gold	•
18. A scheduled bank shall maintain deposit with	/	
time and demand liabilities.	CDI CYUA	i to at least of the
a) 1%	c) 2%	
b) 1.5%	d) 3%	
19. Present Cash Reserve Ratio (CRR) is:	u) 570	
a) 2%	c) 4.5%	
b) 3%	d) 5%)
20. Present Statutory Liquidity Ratio (SLR) is:	u) 570	
a) 12%	c) 18%	
b) 15%	d) 30%	
21. Rebate on bills discounted is:	u) 3070	
a) An item of income.	c) Inco	me received in advance.
b) A liability.		me outstanding.
	u) meoi	ine outstanding.
22. A non-banking asset is		
a) An item of office equipment.	otion of a	aim
b) Any asset acquired from the debtors in satisf		lann.
 c) Money at call and short notice. d) Exercitize and Extension 		
d) Furniture and fixtures.		
23. A non-performing asset is:		
a) Money at call and short notice.		
b) An asset that ceases to generate income.		
c) Cash balance in nil.		
d) Cash balance with RBI.		
24. Provision is created for standard assets @:		
a) 10%	c) 30%	× /
b) 20%	d) 0.409	%ο
25. Provision is created for sub-standard assets (a		
a) 10%	b) 15%	

c) 20%	d)	30%		
26. Provision created against loose assets and unsecured doubtful debts is:				
a) 10%		30%		
b) 20%	d)	100 %		
27. Which one of the following is correct?				
a) Provision created for assets doubtful upto one	e yea	nr is 25%.		
b) Provision created for assets doubtful above on	ne y	ear and upto three year is 40%.		
c) Provision created for assets doubtful for more	e tha	n 3 years is 100%.		
d) All of the above				
28. When income is to be recognized on cash basis	s, a (listinction should be made		
between				
a) Performing and non-performing assets.				
b) Banking and non-banking assets.				
c) Monetary and non-monetary assets.				
d) Current and non-current assets.				
29. Doubtful asset is one which has remained in th	ne su	b-standard category for:		
a) 12 months	c)	24 months		
b) 18 months	d)	48 months		
30. Sub-standard asset is one which has been class	sifie	d as NPA for a period not		
exceeding:				
a) 1 year	c)	3 years		
b) 2 years	d)	4 years		
31. Income from standard asset is to be recognised	d on	:		
a) Cash Basis	c)	Both a & b		
b) Accrual Basis		None of these		
32. A term loan will be treated as NPA if interest a	nd i	installment of principal		
amount remain overdue for a period more tha	n:			
a) a) 90 days		c) 270 days		
b) b) 180 days		d) 360 days		
33. A cash credit amount will be treated as NPA if	inte	erest and installment of		
principal amount remain overdue for a period	mo	re than:		
a) a) 90 days		c) 270 days		
b) b) 180 days	d)	d) 360 days		
34. Banking companies are governed by the:				
a) Companies Act, 1956		Banking Regulation Act, 1949		
b) Companies Act, 2013		SEBI Act, 1992		
35. Insurance is a cooperative form of distributing	g a c	ertain over a group		
of persons who are exposed to it.				
a) Uncertainty		Peril		
b) Risk	d)	Hazards		
36. In legal sense, Insurance is a:				
a) Contract	c)	Gambling		
b) Activity	d)	Publicity		
37. The principle of indemnity is not applicable to				
a) Fire insurance.		Life insurance		
b) Marine insurance	d)	Property insurance		

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38. LIC was nationalised in:	
a) 1956	c) 1957
b) 1955	d) 1948
39. The policy for which the premium is payable	le throughout the life of the assured is
known as:	
a) Annuity policy	c) Term policy
b) Whole life policy	d) Endowment
40. When the same risk and subject matter is in	nsured with more than one insurer is
known as:	
a) Reinsurance	c) Under insurance
b) Double insurance	d) Over insurance
41. The chance of loss from the unforeseen circ	umstances in future refers to
a) Perils	c) Risk
b) Damage	d) Hazards
42. Master Policy is issued for	
a) Group Insurance	c) Marine insurance
b) Term insurance	d) Individual insurance
43. The document which contains the terms and	d conditions of the life insurance
contract is termed as:	
a) An agreement	c) Cover Note
b) Life Insurance Policy	d) Proposal Form
44. Which of the following is an evidence of ins	urance contract?
a) Policy Document	c) Cover note
b) Payment of premium	d) Acceptance of proposal
45. Insurance prices are called:	, <u> </u>
a) Commissions	c) Premiums
b) Allowances	d) Discounts
46. The IRDA was set up in:	
a) 1919	c) 2001
b) 1991	d) 2000
47. General Insurance Corporation was establi	shed during the year:
a) 1971	c) 1956
b) 1986	d) 1972
48. The term Assurance refers to	<i>`</i>
a) Marine insurance business	
b) Life insurance business	
c) Fire insurance business.	
d) Motor vehicle insurance business	
49. Gross Premium means Net Premium plus	
a) Margin	c) Expense loading
b) Profit	d) Loss
50 is the total premium that a poli	,
a) Net premium	c) Partial premium
b) Gross premium	d) Level premium.
51. The Indian Insurance Act was enacted in th	· · ·
a) 1938	b) 1956
,	-,

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

65. Th	e first Indian Insurance Company was:		
a)	Bombay Mutual Assurance Society Ltd.		
b)	Bombay Insurance Society Ltd.		
c)	Insurance Regulatory Development Authority		
d)	General Insurance Corporation		
66	means to make good the actual loss a	nd	nothing more than the actual
los	8.		
a)	Indemnity	c)	Contribution
b)	Subrogation	d)	None
67. Ins	surable interest means interest.		
a)	Individual	c)	Monetary
b)	Social	d)	All of these
68. W	hich of the following insurance contract is no	ot b	ased on the principle of
inc	lemnity.		
a)	Fire insurance.	c)	Life insurance
b)	Marine insurance	d)	None
69. M	otor insurance provides insurance cover to:		
a)	Private vehicles	c)	Motorcycles
b)	Commercial vehicles	d)	All of these
70. Ex	panded form of IRDA is:		
a)	Insurance Regulatory Development Authority		
b)	Insurance Reforms Development Act		
c)	Insurance Restructure Development Act		
d)	Indian Re-insurance Development Authority		
71. IR	DA is a member team.		
a)	10	c)	15
b)	20	d)	18
72. Ma	arine insurance may cover loss or damage to	the	:
``	G1 :		

- a) Ship
- b) Cargo
- c) Any other subject of Marine adventured) All of these