

MODEL ANSWERS

Accounts, Audit, Estate, Establishment, IT

1. The value of the computer equipment includes software which shall be computed at zero percent
 - a. in the 4th year
 - b. in the 5th Year
 - c. in the 6th year
 - d. **all the above**

2. A network connecting computers within a very large area, such as states countries and the world is known as
 - a. World Wide Web
 - b. Local area network
 - c. **Wider area network**
 - d. Internet

3. The Finance Bill, 2008 passed by the Parliament effected which of the following changes in tax rates for firms and companies
 - a. 3%
 - b. 7%
 - c. **No change**
 - d. None of the above

4. Any investment in the shares, debentures, short, medium or long term loans or deposits with private limited companies shall be treated as 'approved investments'. The statement is
 - a. **FALSE**
 - b. TRUE
 - c. INVESTMENTS IN LONG TERM LOANS ARE ONLY ACCEPTED
 - d. INVESTMENT IN SHORT TERM LOANS ARE ONLY ACCEPTED

5. A person who fails to deposit TDS after deducting tax is to be treated as an assessee not in default.
 - a. The statement is true
 - b. **Statement is false**
 - c. The statement is partially true
 - d. None of the above

6. Which of the following is true for accounting of liability for outstanding claims
 - a. **IBNR & IBNER means the reserve for claims incurred but not reported on the balance sheet date and includes reserves for claims which may be inadequately provided for.**

- B. *IBNR & IBNER* means the reserve for claims incurred but not reported on the balance sheet date and excludes reserves for claims which may be inadequately provided for.
- c. *IBNR & IBNER* means the reserve for claims incurred but not reported on the balance sheet date and includes reserves for claims which may not be inadequately provided for.
- d. *IBNR & IBNER* means the reserve for claims incurred but reported on the balance sheet date and excludes reserves for claims which may not be inadequately provided for.
7. A worm
- is an insect
 - group of insects
 - self-propagating virus**
 - None of the above
8. A computer with lots of disk storage, a database and a set of programs that make selecting, retrieving, analyzing and formatting the data is called
- information technology
 - computer technology
 - data warehouse technology**
 - database technology
9. Solvency Ratio means
- Ratio of Required Solvency Margin to Available Solvency Margin
 - Ratio of value of Assets to Required Solvency Margin
 - Ratio of Available Solvency Margin to Required Solvency Margin**
 - None of the above
10. Every insurer shall determine the Required Solvency Margin & Solvency Ratio in
- Form A
 - Form HG
 - Form KG**
 - Form AA

11. Balance Sheet of an Insurance Company shows
- All Balances under different Account Heads
 - All Revenue Accounts balances excluding Depreciation
 - All Capital Accounts balances including Misc. Expenses not written off
 - All Assets and Liabilities including Miscellaneous Expenses not written off**
12. Cash Flow Statement is a statement which shows:
- Receipts & Payments with the Direct Method**
 - Changes in Cash & Bank balances including Securities
 - Sales & Purchases of Investments excluding Securities
 - Only changes in Working Capital
13. Unearned Premium should be shown in the Financial Statements as
- A deduction from the Earned premium in the Revenue Accounts
 - A part of the Current Liabilities in the Balance Sheet**
 - A part of the Current assets in the Balance Sheet
 - A part of the Sundry Creditors in the Balance Sheet
14. IBNR Claims means
- Claims incurred but now Reported
 - Claims incurred but not enough Reported
 - Claims incurred but not Reported**
 - Claims Identified but not Required
15. Operating Profit of an Insurance Company is
- Gross Premium \pm Change in provision for unexpired risk – Incurred Claims – Commission – M.E.
 - Net Premium \pm Change in provision for unexpired risk – Incurred Claims – Commission – M.E. – Decrease in Value of Investments
 - Net Premium \pm Change in provision for unexpired risk – Incurred Claims – Commission – M.E. + Interest, dividend & Rent**
 - Gross Premium \pm Change in provision for unexpired risk – Incurred Claims – Commission – M.E. + Income from Investments
16. On dishonour of a Premium Cheque, -
- The policy has to be cancelled until & unless fresh premium is received in cash within 15 days of date of dishonour
 - The policy will continue to cover the risk upto 7 days from the date of dishonour for acceptance of fresh premium cheque
 - The policy is to be cancelled from the date of dishonour and only cash is accepted for a fresh policy
 - The policy is cancelled ab-initio.**

17. In a Bank Reconciliation Statement, which of the following is most unlikely to appear?
- Excess Debits by the bank
 - Short Credits by the bank
 - Dishonoured Cheques**
 - Bank Charges
18. An Insurance Company in India cannot invest most of its funds in –
- Central Govt. Securities
 - Central & State Govt. Securities
 - Shares of Govt. Companies**
 - None of the above
19. An Insurance Company in India has the liberty to invest in –
- All types of Listed Securities within limits
 - All types of securities which will earn a steady return in prescribed segments
 - All types of prescribed securities within limits**
 - All types of securities which are Govt. sponsored within limits
20. A 'Software' in I.T. is known as
- An accessory which softly fits inside the computer
 - A program which runs on the Computer**
 - An instrument which operates on binary digit System
 - A language which the Computer understands
21. 'Database' is a concept where –
- Data is stored on the basis of its validity
 - Data is stored for eliciting information**
 - A base is developed on the basis of data created
 - Data is based on a program in Oracle/ Java
22. In case of CAG Audit, the auditors are appointed by-
- The Company in consultation with the CAG
 - The Ministry of Finance in consultation with the Institute of Chartered Accountants of India
 - The Comptroller & Auditor General of India**
 - The Revenue Wing of the Ministry of Finance in consultation with the CAG
23. The most important responsibility of an Insurance Internal Auditor is –
- To locate errors and initiate action on the same
 - To detect fraud and report it to Vigilance Deptt. for action
 - To guide the management in the detection of errors, to prevent fraud, to remove lapses
 - To detect lapses in the system and recommend remedies to the management**

24. CAG Audit Report is dealt with directly by –
- The Concerned Regional Office under the guidance of Financial Advisor who receives the report directly from the CAG
 - The auditee Office on whose records and documents are subjected to audit under guidance from the Head Office
 - The Corporate Internal Audit deptt. Under supervision of the Financial Advisor.**
 - The CMD Secretariat who receives and send replies directly to CAG
25. A 'Draft Para' is related to –
- A pending CAG Audit Para likely to be reported before the Parliament, if not dropped.**
 - A Para of the Annual CAG Report to be drafted and placed before the Parliament
 - A Para of the Annual CAG Report to be drafted and placed before the President of India under the Constitutional Provision
 - A dropped CAG Audit Para which otherwise would have been placed before the Finance Minister for action
26. A Statutory Auditor of an Insurance Company does not have one of the following objectives:
- To report on the state of affairs of the Company
 - To check that all liabilities have been provided and all assets have been accounted for at an appropriate value
 - To ensure that all Govt. Revenues have been deposited in time and to report on the lapses**
 - To report on any change in accounting policies
27. No Auditee Office is allowed not to submit:
- Only one CAR against an Internal audit Report**
 - Only one FCAR against an Internal audit Report
 - Unlimited number of CARs against an Internal audit Report
 - Only Three FCARs against an Internal audit Report
28. The Part 1B of a CAG Report relates to Irregularities which are –
- Most Common in Insurance Business
 - Serious in nature involving substantial amounts**
 - Require urgent attention of the Board of Directors
 - Statistical Information of the Auditee Office

29. Which of the following Statements is untrue?
- Audit u/s Section 44AB of the Income Tax Act is applicable to Insurance companies in India
 - Statutory Audit Report of an Insurance Company is subject to further review by CAG Auditors
 - Statutory Audit Report of an Insurance Company is placed before the Board of Directors for acceptance
 - Statutory Audit Report of a PSU Insurance Company is not placed before the Shareholders for approval**
30. Which of the following is true.
- Audit in any form is not subjected to further review
 - Audit finally results in changing management attitude
 - Audit itself is a staff activity to help the line managers**
 - Audit is a pre-emptive action aimed at future control
31. A proposal for renewal of Lease for Office premises within norms is to be approved by:
- RO Premises Committee
 - G.M. of the HO estate Deptt.
 - Lower Premises Committee at the H.O.
 - Both a & c**
32. Who is entitled for UPS facility at residence:
- Scale III
 - Scale IV
 - Scale V**
 - None of the above
33. As on date, there are 20 general insurers in India registered with IRDA to carry out general insurance business and the latest being
- Bharti Axa General Insurance Company Limited,**
 - Aegon Religare Life Insurance Company Limited,
 - Royal Sundaram General Insurance Company Limited
 - Tata AIG General Insurance Company Limited
34. Optical Character Recognition is an
- Input technique**
 - Output technique
 - Input-output technique
 - None of the above
35. Computers are very fast, but secondary storage is not. It takes longer to access data in secondary storage than in primary memory. Should an organization store data primarily in
- Hard disks**

- b. RAM
- c. ROM
- d. All of above

36. A bar coding equipped with checkout scanners reads

- a. RAM
- b. ROM
- c. UPC**
- d. DPI

37. No organization can afford to redo all of its software at one time. There may be good business reasons for continuing to use a 10-year old system, even though its interface and even its functions are outdated. These systems are commonly referred to as

- a. Obsolete systems
- b. Outdated systems
- c. Old systems
- d. Legacy systems**

38. Users, managers and the information services staff interact in a number of ways during the system life cycle. Essentially, all three groups cooperate and interact during the

- a. Design and building process
- b. Design and training process
- c. Operation and analysis process
- d. Analysis and design process**

39. A support group for users is popularly described as

- a. Knowledge support group
- b. User support group
- c. Supporting knowledge services
- d. User services**

40. In DBMS, facts, figures and statistics are stored and analysed as

- a. Files in a database
- b. Data in a database**
- c. Objects in a database
- d. None of the above

41. Business Intelligence tools include
- a. Data Warehousing and Data Mart
 - b. Data Mining
 - c. On-line Analytical Processing
 - d. All of the above**
42. MIPS is
- a. Million images per sheet
 - b. Million instructions per sheet
 - c. Million images per second
 - d. Million instructions per second**
43. Linux combines features of
- a. DOS and NT Server
 - b. Windows XP and Novell Netware
 - c. Windows and Unix**
 - d. Lotus and Unix
44. Written down value as on 31/03/2008 for a ceiling fan purchased for Rs. 1500 in June 2007 shall be
- a. Rs. 1500
 - b. Rs. 0**
 - c. Rs. 1000
 - d. Rs. 750
45. Stale cheques are written back after
- a. 5 year s
 - b. 2 years
 - c. 3 years**
 - d. 1 year
46. Brokerage cheque for Rs. 3000 of M/s ABC Pvt. Ltd. for the year 2007-08 not issued till 31/03/2008 shall appear under any head in
- a. Revenue Account
 - b. Balance Sheet
 - c. Both a & b**
 - d. None of the above
47. Net income means
- a. Assets less Liabilities
 - b. Revenue less Expenses**
 - c. Net income less procurement cost
 - d. Revenue less claims
48. Credit side implies –
- a. Both sides of the amount column in a ledger

- b. Left side of the amount column in a ledger
 - c. Right side of the amount column in a ledger**
 - d. Any side of the amount column in a ledger
49. Which of the following statement is correct in respect of outstanding service tax on premium at the end of the financial year
- a. Service tax collected is shown as expense in revenue account
 - b. Service tax collected is shown as income in revenue account
 - c. Service tax collected is shown as liability in balance sheet**
 - d. Service tax collected is shown as asset in balance sheet
50. Which of the following two accounts are similar in nature for accounting purpose
- a. Vehicle loan on interest and purchase of Company's vehicle
 - b. Stale cheques and Sundry debtors
 - c. Stale cheques and Sundry creditors**
 - d. None of the above
51. Which of the following items should not generally appear in our Bank Reconciliation
- a. Excess debit of Rs. 4000 and excess credit of Rs. 4000
 - b. Dishonoured cheques**
 - c. Cheques drawn but not cashed
 - d. Cheques paid-in but not credited
52. Who is not entitled for reimbursement of Mobile expenses in Regional Offices
- a. DM
 - b. AM(D)
 - c. IAD I/C**
 - d. RM
53. Who is not a member of HO Premises Committee
- a. GM Estate
 - b. FA
 - c. CVO**
 - d. None of the above
54. Which one of the following is not a Board Sub-Committee of the Company
- a. Sub-Committee on Personnel
 - b. Sub-Committee on Investment
 - c. Sub-Committee on Underwriting**
 - d. Sub-Committee on Audit

55. Which one of the following audit is not applicable to Indian insurance companies
- a. Audit under Section 44-AB of The Income Tax Act
 - b. Internal audit
 - c. Statutory audit
 - d. None of the above**
56. For acquiring a new office premises on lease, which of the following activities is not required to be taken up
- a. Publishing advertisement in 2 newspapers
 - b. Accepting bids under single bid system**
 - c. Opening of bids as per standard guidelines
 - d. None of the above
57. Decrease in provision against outstanding claims pertaining to previous year shall
- a. Not affect current year's profitability
 - b. Affect current year's profitability**
 - c. Affect both year's profitability
 - d. Not affect both year's profitability
58. An Estate Officer of an insurance company with quasi-judicial authority is appointed under the provision of
- a. Estate Officers Act, 1970
 - b. Public Premises Act, 1971**
 - c. Maharashtra Tenancy Act, 1965
 - d. Rent Control Act, 1974
59. A debenture holder is a
- a. Share holder of the Company
 - b. Creditor of the Company**
 - c. Debtor of the Company
 - d. All of the above

60. Apart from The President of India, who else is the share-holder of public sector general insurance companies
- a. Financial Advisor
 - b. Director Finance, Ministry of Finance
 - c. Chairman-cum-Managing Director**
 - d. Chairman, GIC
61. How the available solvency margin of an insurance company is calculated?
- a. Excess of value of investments over the value of liabilities.
 - b. Excess of value of IRDA-approved investments over the value of long-term liabilities.
 - c. Excess of value of assets over the value of liabilities.**
 - d. None of the above.

