JAIIB MAY EXAM 2025

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MARATHON

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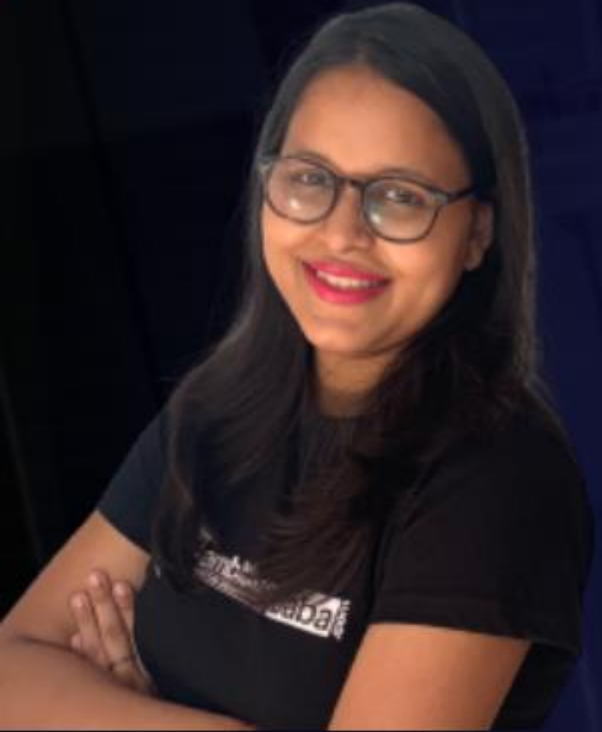
PART 1



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LIVE STREAMING

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Q.1. Which of the following statements best describes the significance of stewardship accounting in the evolution of modern financial reporting?

A. It introduced advanced financial instruments to facilitate global trade.
B. It laid the foundation for systematic recording of transactions and accountability in financial reporting.
C. It replaced the need for double-entry bookkeeping by simplifying accounting processes.
D. It was primarily focused on managing speculative fina assets for wealth creation

B

Q.2. What is the primary social purpose of financial accounting ?

A. To ensure that company directors can avoid full disclosure of financial information.
B. To mobilize savings and channel them into profitable investments by providing reliable information to investors.
C. To limit the liability of shareholders in case of company failure or liquidation.
D. To focus on maintaining the confidentiality of company financial data from the public

B

Q 3. Which of the following best captures the primary role of management accounting?

D

A. To record and analyze past financial transactions based on generally accepted accounting principles (GAAP).
B. To ensure compliance with legal regulations and accounting standards in financial reporting.
C. To focus on preparing financial statements like the income statement and balance sheet for shareholders.
D. To assist management in policy formulation and decision-making by providing forward-looking, unconstrained accounting information.

Q.4. What is the primary focus of social responsibility accounting?

A. To maximize profitability by focusing solely on economic effects.
B. To ensure compliance with traditional financial accounting standards.
C. To evaluate and report the social and environmental effects of business decisions in addition to economic outcomes.
D. To measure growth and profit as presented in conventional balance sheets

C

Q.5. What is the primary objective of inflation accounting?

A. To adjust the value of assets and profits to reflect changes in the price level, correcting distortions in financial statements.
B. To replace historical cost accounting with cash-based accounting methods.
C. To enhance the accuracy of financial statements without addressing price level changes.
D. To simplify accounting practices by eliminating the concept of a stable monetary unit.

A

Q.6. What is the primary purpose of value accounting?

A. To track only the tangible contributions made by contributors in a business process.
B. To simplify revenue allocation by ignoring individual contributions.
C. To evaluate and capture individual contributions, both tangible and intangible, ensuring fair distribution of future revenue.
D. To replace traditional accounting practices with a focus solely on production metrics.

C

Q.7. What is a key challenge in the adoption of fair value accounting?

A. It only focuses on historical costs, ignoring current market conditions.
B. It depends on the holder's intention to sell or retain the asset or liability.
C. It faces issues like increased costs, delays, and doubts about the accuracy and reliability of available information.
D. It uses a single approach for valuation, limiting its flexibility.

C

Q.8. Which of the following is incorrect:

a. AS 2 : Valuation of inventories
b. AS 3: Revenue recognition
c. AS 17 : Segment reporting
d. AS 10 : Property, Plant & equipments

B

Q.9 Which of the following is incorrect:

a. AS 9 : revenue recognition
b. AS 20: Earning per share
c. AS 21 : Consolidated Financial statement
d. AS 28 : Provisions, contingent liabilities, contingent assets

D

Q.10. Which of the following is a primary objective of Generally Accepted Accounting Principles (US GAAP)?

A. To guarantee that financial statements are free from errors or omissions.
B. To bring transparency and consistency in financial reporting across organizations.
C. To regulate the accounting standards set by the government.
D. To mandate the use of international financial reporting standards (IFRS) in the U.S

B

Q.11 Which of the following is a key difference between GAAP and IFRS in terms of financial reporting?

A. GAAP requires minority interests to be included in equity, while IFRS includes them in liabilities.
B. GAAP and IFRS both require the same format for financial statements, with no differences.
C. GAAP is more rules-based, while IFRS is more principles-based in its approach.
D. IFRS requires financial statements to include a separate line item for deferred taxes, but GAAP does not.

C

Q.12. Which of the following best describes the primary purpose of transfer pricing in multinational corporations?

A. To set the pricing for goods and services sold to external customers.
B. To determine the pricing of goods and services exchanged between different divisions or entities within a multinational organization.
C. To calculate the income tax for each subsidiary in a multinational corporation.
D. To eliminate the need for segment reporting and performance measurement

B

Q.13. What does the term "arm's length price" refer to in the context of transfer pricing?

A. The price at which two unrelated and non-desperate parties would agree to a transaction.
B. The price at which two related parties would agree to a transaction.
C. The price set by the government for cross-border transactions.
D. The price calculated by accounting systems without considering market conditions

A

Q.14 Why was the SEC (Securities and Exchange Commission) created, and what role does it play in setting accounting standards?

A. The SEC was created to set accounting standards directly, replacing the need for private sector involvement.
B. The SEC was created because of the Great Depression and works closely with private organizations like AICPA and FASB to establish GAAP, but does not set GAAP itself.
C. The SEC sets the GAAP for both public and private companies.
D. The SEC is responsible for developing accou B standards for local and state governments

Q.15. Which of the following statements about the Financial Accounting Standards Board (FASB) is correct?

A. FASB directly sets all accounting standards for governmental entities.
B. FASB was created to replace the Securities and Exchange Commission (SEC) in setting accounting standards.
C. The Emerging Issues Task Force (EITF) addresses long-term, pervasive financial issues, while FASB focuses on short-term issues
D. FASB's codification is the authoritative source of GAAP for non-governmental entities, effective from September 15, 2009.

D

Q.16. Which of the following best describes accounting principles?

A) Arbitrary rules set by individual businesses
B) Scientifically laid down standards ensuring uniformity in accounting
C) Guidelines that vary based on managerial preferences
D) Informal methods used for internal reporting

B

Q.17. Which of the following statements best reflects the cost concept in accounting?

A) Business transactions are recorded at their historical cost, including purchase price and necessary expenses
B) Assets are recorded at their current market value to reflect real-time financial position.
C) The value of assets is periodically adjusted based on inflation and market trends.
D) Unrealized gains from asset appreciation are recognized in the financial statements

A

Q.18. Which of the following statements is true according to the money measurement concept?

A) Only transactions measurable in monetary terms are recorded in accounting.
B) Employee skills and brand reputation are recorded as assets in the books of accounts.
C) The effect of inflation is always considered while valuing assets.
D) Non-financial factors like managerial efficiency are included in financial statements.

A

Q.19 According to the business entity concept, how is the capital contributed by the owner treated in the books of accounts?

A) As an income for the business
B) As an asset of the business
C) As a liability of the business
D) As an expense of the business

C

Q.20. Which of the following best explains the importance of the business entity concept?

A) It ensures that the personal and business transactions of the owner are recorded together.
B) It treats the business as a separate legal entity, distinct from its owner.
C) It allows personal expenses of the owner to be included in business accounts.
D) It eliminates the need to differentiate between revenues and expenses

B

Q.21. According to the realisation concept, when is revenue considered as earned?

A) When the order for goods is received
B) When the goods are manufactured
C) When the ownership of goods is transferred to the buyer, and they become legally liable to pay
D) When payment is received from the buyer

C

Q.22 How should goods sold on approval basis be recorded as per the realisation concept?

A) As sales revenue at the time of sale
B) As an expense in the profit and loss account
C) At cost until the buyer approves the purchase
D) As profit at the time of sale

C

Q.23 Which of the following best describes the dual aspect concept?

A) Every transaction affects at least two accounts, one debited and one credited.
B) Only cash transactions are recorded in the books of accounts.
C) Transactions are recorded only when cash is received.
D) Future income and expenses are always considered while recording transactions

A

Q.24. According to the historical records concept, when should a business transaction be recorded?

A) When it is expected to happen in the future
B) When the transaction has taken place and can be verified
C) When the owner decides to record it
D) When an estimate of the transaction value is available

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B

Q.25 Which of the following is a direct implication of the going concern concept in accounting?

A) All business activities are assumed to cease at the end of each year.
B) Future liabilities are not considered in financial statements.
C) Depreciation is calculated over the expected useful life of an asset, assuming the business will continue.
D) Income is only recognized when the payment is received

C

Q.26 What is the main purpose of the matching concept in accounting?

A) To match income with future expenses
B) To match the expenses of a period with the income earned during the same period
C) To record revenues before any related expenses are incurred
D) To match the expenses with the future revenues they will generate

B

Q.27 What is the primary reason for using an accounting period in business reporting?

A) To record all transactions as they happen without any intervals
B) To provide periodic financial information to external stakeholders, such as investors and regulators
C) To track a business's performance over an indefinite time frame
D) To avoid the complexity of recording financial results for short periods

B

Q.28 What is the role of the convention of full disclosure in financial reporting?

A) To ensure that only the most profitable transactions are recorded.
B) To prevent any loss-making activities from being disclosed.
C) To require that all material facts and activities of the business are fully disclosed in the financial statements.
D) To conceal any reserves or liabilities that could harm the company's image.

C

Q.29 What determines whether an item is considered "material" under the convention of materiality?

A) The amount of tax paid by the company
B) The size of the company and the overall profits
C) The value of the item and the circumstances of the individual business case
D) The public interest in the company’s financial records

C

Q.30 What does the convention of conservatism (prudence) primarily require in accounting?

A) All anticipated profits should be recognized immediately.
B) Possible losses should be considered, while anticipated profits should be ignored.
C) Only the actual losses are recorded, without any provisions for future losses.
D) Profits and losses should be recorded only after cash is received or paid

B

Q.31 What does the revenue recognition and realisation concept prevent in accounting?

B

A) It prevents businesses from recording future expenses.
B) It prevents businesses from inflating profits by recording expected incomes or gains.
C) It requires businesses to record only cash transactions.
D) It allows businesses to recognize revenue as soon as a sale agreement is signed.

Q.32 Under the accrual concept, when should an expense be recorded?

B

A) Only when the cash payment is made for the expense.
B) When the payment is due, regardless of when it is paid.
C) When the expense is paid in advance, it is recognized as an expense.
D) When the revenue related to the expense is received

Q.33 Which of the following is not a main feature of a lease contract?

D

A. It is a legally binding agreement outlining the use of property by the lessee.
B. It allows the lessee to use the property in exchange for regular payments to the lessor.
C. Breach of lease terms may lead to legal consequences.
D. It always transfers ownership of the leased property to the lessee after the lease term ends.

Q 34 Which of the following statements best describes a leveraged lease?

C

A. A lease in which the lessee borrows funds to acquire ownership of the asset.
B. A lease where the lessor finances the asset entirely from its own funds.
C. A lease involving a lessor, lessee, and a lender, where the lessor borrows funds to purchase the asset and retains ownership.
D. A lease that allows the lessee to terminate the contract at any time without legal consequences.

Q.35 Which of the following statements is true regarding domestic and international leases?

A

A. A lease is considered international if any one of the parties is not domiciled in India.
B. A domestic lease involves at least one party located outside India.
C. An international lease carries no additional risk compared to a domestic lease.
D. In a domestic lease, the leased asset must be imported from another country.

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Q.36 Which of the following statements correctly differentiates betwe[en] a cancellable and a non-cancellable lease?

B

A. A cancellable lease cannot be terminated under any condition, whereas a non-cancellable lease can be terminated freely by the lessee.

B. A cancellable lease can be terminated according to the terms in the lease agreement, while a non-cancellable lease can only be terminated under specific conditions such as lessor's permission or remote contingencies.

C. Both cancellable and non-cancellable leases can be terminated at the lessee’s will without any consequence.

D. A non-cancellable lease automatically converts into ownership after a fixed term.

Q.37 Which of the following accurately distinguishes a wet lease from a dry lease?

C

A. In a wet lease, the lessee is responsible for operating, insuring, and maintaining the equipment.
B. In a dry lease, the lessor provides the equipment along with operational support.
C. In a wet lease, the lessor operates the equipment and handles insurance and maintenance, whereas in a dry lease, these responsibilities lie with the lessee.
D. A dry lease involves three parties, while a wet lease involves only the lessor and lessee.

Q.38 What is the primary purpose of a Sale and Lease-back transaction?

A. To transfer both ownership and possession of an asset permanently to the lessee.
B. To allow a party to retain use of an asset while unlocking its capital value by selling it and leasing it back.
C. To provide temporary financing to the lessor without changing asset ownership.
D. To replace a cancellable lease with a non-cancellable lease.

B

Q.39 Which of the following conditions is NOT typically indicative of a finance lease as per Ind AS 116?

A. The ownership of the asset transfers to the lessee at the end of the lease term.
B. The lease term covers a minor portion of the economic life of the asset.
C. The lessee has the option to purchase the asset at a price significantly lower than its fair market value, and is reasonably certain to exercise the option.
D. The leased asset is of such a specialized nature that it can only be used by the lessee.

B

Q.40 Which of the following statements is true about an Operating Lease as per Ind AS 116?

A. It transfers substantially all the risks and rewards of ownership to the lessee.

B. It is reassessed frequently during the lease term for classification.

C. It is a lease that does not transfer substantially all the risks and rewa

incidental to ownership of the asset.

D. It always results in ownership of the asset transferring to the lessee at the end of the lease term.

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C

Q.41 According to the CGST Act, 2017, which of the following is not true about GST on lease transactions?

A. GST applies to lease transactions as they are classified as "supply" under the CGST Act.
B. The GST rates on lease transactions differ between Finance Lease and Operating Lease.
C. GST is charged on the lease of industrial plots by State Government Industrial Development Corporations at a nil rate.
D. GST is charged on the lease of agro machinery and vacant land at a nil rate.

B

Q.42 Which of the following statements is true regarding taxation and depreciation in a lease transaction?

A. The lessee is eligible to claim depreciation on the leased asset since they bear the risk of ownership.
B. The lessor can claim depreciation on the asset because they are the legal owner of the asset.
C. The entire lease rentals are considered as expenses for the lessor.
D. In sale and leaseback transactions, the lessee is entitled to claim depreciation on the full sale value of the asset.

B

Q.43 Which of the following is true about the accounting treatment of operating leases for the lessor under Ind AS 116?

A. The lessor recognizes lease payments from operating leases as income on a straight-line basis only, regardless of the pattern in which benefits from the leased asset are used.
B. Initial direct costs incurred in negotiating and arranging an operating lease are treated as an expense and recognized immediately in the year incurred.
C. The depreciation policy for leased assets under operating leases must be consistent with the lessor's normal depreciation policy for similar assets.
D. The lessor presents the leased asset in its balance s[illegible]s a financial receivable.

C

Q.44 In the Statement of Profit and Loss, how should a lessee present interest expense on the lease liability and depreciation charge for the right-of-use asset?

A. The lessee can present them together as a single item.
B. The lessee must present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset.
C. The lessee must present the depreciation charge first, followed by the interest expense.
D. The lessee can present the interest expense only if the lease term is more than 5 years.

B

Q.45 A lessee may elect not to apply the accounting requirements for leases under Ind AS 116 to:

A. Only short-term leases.
B. Only leases for which the underlying asset is of low value.
C. Short-term leases and leases for which the underlying asset is of low value.
D. Leases for which the lessee has a high level of borrowing.

C

Q.46. Under the provisions of the Income Tax Act regarding TDS, which of the following statements is correct?

A. TDS is deducted only when payments are made in cash and not when payments are made via cheque or credit.
B. Only companies and LLPs are required to deduct TDS, and individuals are completely exempt.
C. The deductor is required to obtain a Tax Deduction Account Number (TAN), except in specific cases such as under Section 194-IA.
D. TDS once deducted is not linked to the PAN of the deductee and hence cannot be claimed as tax paid.

C

Q.47 In the context of loan syndication, which of the following statements is correct?

D

A) In a syndicated loan, the borrower must approach each bank individually to negotiate loan terms.
B) The lead bank in a syndicated loan assumes full credit risk for the entire loan amount.
C) Loan syndication is typically used for small, short-term loans to reduce administrative burden.
D) The lead bank coordinates with other banks and may charge a syndication fee from the borrower.

Q.48 Under the provisions related to TCS in the Income-tax Act, which of the following statements is correct?

A. Every seller of goods is authorized to collect TCS from the buyer regardless of the nature of goods or buyer's classification.
B. TCS collected under Section 206C must be deposited quarterly, and no interest is charged for delayed deposit.
C. As per Section 206C(1H), TCS is applicable when the sale consideration received from a buyer exceeds ₹50 lakhs in a financial year.
D. Form 27D is used by the buyer to claim refund of TCS deducted under Section 206CCA.

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C

Q.49 Which of the following statements correctly reflects the TCS provisions applicable to e-commerce platforms under GST effective from 1st October 2018?

A. E-commerce operators are required to deduct 1% TDS from the seller's payment and deposit it by the 20th of the next month.
B. Dealers selling through online platforms are exempt from GST registration if their turnover is below ₹20 lakhs.
C. TCS under GST is applicable only for services sold through online platforms, not for goods.
D. E-commerce platforms are required to deduct TCS @ 1% (0.5% CGST + 0.5% SGST or 1% IGST) on net taxable supplies and deposit it by the 10th of the following month.

D

Q.50 Which of the following statements about Deferred Payment Guarantees (DPGs) is correct?

C

A) DPGs are fund-based facilities, as the bank disburses the funds directly to the supplier at the time of asset purchase.
B) The appraisal process for DPGs is simpler than term loans, as the bank does not bear any risk.
C) DPGs are non-fund based initially, but can convert into fund-based exposure if the purchaser defaults.
D) DPGs are used for working capital financing and not for acquisition of fixed assets

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Q.51 According to the Internal Rate of Return (IRR) method, a project should be accepted if:

A) The IRR is equal to the cost of capital.
B) The IRR is less than the cost of capital.
C) The IRR is greater than the cost of capital.
D) The IRR is less than the initial investment.

C

Q.52 Which of the following statements is correct regarding the taxation and legal status of Firms and Limited Liability Partnerships (LLPs) in India?

A. Both Firms and LLPs are regarded as separate legal entities under Income Tax and GST laws and are currently taxed at a flat rate of 30%.
B. partnership firm is treated as a legal entity under partnership law and taxed at slab rates similar to individuals.
C. LLPs, though formed under the LLP Act, are not treated as separate legal entities for tax purposes.
D. Partners in an LLP have unlimited liability, similar to traditional partnerships, despite corporate registration.

A

Q.53 Which of the following statements best describes the Net Present Value (NPV) method for evaluating investment proposals?

A) NPV is calculated by summing up all future cash inflows and subtracting the initial investment, without considering the time value of money.
B) The NPV method involves discounting future cash flows to their present value, adding them up, and then subtracting the initial investment to determine the profitability of the project.
C) The NPV method only considers the revenue generated by the investment, not the associated costs.
D) NPV is irrelevant when comparing mutually exclusive projects, as it cannot be used to evaluate competing investments

B

Q.54 Under the Income Tax Act, which of the following types of income is correctly matched with its appropriate head of income?

A. Interest earned on savings bank account – Income from House Property
B. Pension received by a retired employee – Income from Other Sources
C. Income from sale of mutual funds – Profits and Gains of Business or Profession
D. Money received by a shareholder upon company liquidation – Income from Capital Gains

D

Q.55. Which of the following statements about a journal is true?

A) A journal records transactions in a random order.

B) A journal does not include any description of transactions.

C) A journal is a chronological record of all transactions, including debits, credits, and descriptions.

D) A journal directly provides the balance of a particular account without the need for a ledger.

C

Q.56. Which of the following incomes is exempt under Section 10 of the Income Tax Act and hence not included in the total income of an individual for tax computation?

A. Interest earned on fixed deposits held with a scheduled bank
B. Share of profit received by a partner from a partnership firm assessed under the Income Tax Act
C. Salary received by a Member of Parliament
D. Honorarium received for delivering guest lectures in a university

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B

Q.57. In which of the following situations is filing of an income tax return mandatory under the Income Tax Act, even if the gross total income does not exceed the basic exemption limit?

A. A resident individual with no income other than agricultural income.
B. A non-resident Indian (NRI) with income only from foreign sources.
C. A resident individual holding foreign assets or having financial interest in a foreign entity.
D. An individual below 60 years of age with gross total income of ₹2,30,000 including deductions under Section 80C.

C

Q.58. Which of the following pairs of Section and Deduction under Chapter VI-A is correctly matched?

A. Section 80QQB – Deduction for royalty from patents
B. Section 80E – Deduction for interest on housing loan
C. Section 80TTA – Deduction for interest on savings account for all individuals including senior citizens
D. Section 80RRB – Deduction for royalty on patents registered in India

D

Q 59 Which of the following best describes the sequence of the accounting cycle?

A) **Classifying → Recording → Summarising**
B) **Summarising → Recording → Classifying**
C) **Recording → Classifying → Summarising**
D) **Recording → Summarising → Classifying**

C

Q.60 Which of the following statements correctly explains the treatment and classification of Deferred Tax under Indian Accounting Standards [illegible] AS)?

C

A. Deferred Tax Assets and Deferred Tax Liabilities are always classified as current assets and current liabilities respectively, since they relate to short-term tax periods.

B. A timing difference arising from depreciation methods under tax law and accounting standards will lead to a permanent difference and hence no deferred tax.

C. Deferred Tax arises due to timing differences and must be shown on the balance sheet, but should not be classified as current assets or current liabilities.

D. Disallowed expenses under tax law always lead to timing differences, which are reversible, and hence are treated through Deferred Tax Assets.

Q.61 Which of the following statements correctly differentiates between a journal and a ledger?

A) A journal is a book of analytical record, while a ledger is a book of chronological record.
B) Transactions are recorded first in the ledger and then posted to the journal.
C) The process of recording in a journal is called 'posting,' while in a ledger, it is called 'journalising.'
D) A journal is the book of original entry, whereas a ledger is the book of second entry.

D

Q.62 Which of the following statements about Direct and Indirect Taxes is correct under the Indian tax system?

A. Direct taxes such as income tax and corporate tax can be shifted to another person or entity, similar to how indirect taxes like GST are passed on.
B. Indirect taxes like VAT, sales tax, and excise duty are paid directly by the taxpayer to the government and cannot be passed on to another entity.
C. Indirect taxes like GST can be transferred from the seller to the buyer, whereas direct taxes like income tax cannot be shifted to another entity.
D. Wealth tax is an indirect tax because it is based on the value of assets owned by an individual.

C

Q.63. Which of the following accounts is classified as a representative personal account?

A) Bank of India’s Account
B) Prepaid Salary Account
C) Mohan’s Account
D) Tata Steel Ltd.’s Account

B

Q.64 . Which of the following statements about the Goods and Services Tax (GST) introduced on 01 July 2017 is correct?

A. GST replaced only the Central taxes like service tax and excise duty, while the State taxes like VAT and sales tax remained unaffected.
B. The introduction of GST aimed to unify all indirect taxes but excluded taxes on petroleum products, crude oil, alcohol for human consumption, and electricity.
C. GST is a single tax administered only by the Union Government for uniformity across the country.
D. The dual GST model implemented in India implies that both Central and State Governments jointly administer and collect GST.

B

Q.65 Which of the following correctly differentiates between artificial personal accounts and representative personal accounts?

A) Artificial personal accounts belong only to individuals, while representative personal accounts belong to companies.

B) Artificial personal accounts represent firms or institutions, while representative personal accounts represent outstanding or prepaid amounts related to individuals or groups.

C) Artificial personal accounts record cash transactions, while representative personal accounts record credit transactions.

D) Artificial personal accounts require no ledger entry, while representative personal accounts require journal entries only

B

Q.66. Which of the following is correctly matched with its respective jurisdiction in the context of the Goods and Services Tax (GST) regime in India?

A. SGST is levied by the Union Government on inter-state transactions, while CGST is levied by the State Government.

B. CGST and SGST are levied on intra-state transactions, while IGST is applicable to inter-state transactions, and UGST is levied in Union Territories.

C. IGST is levied by the Union Government on intra-state transactions, while SGST is levied on inter-state transactions.

D. UGST is applicable to both inter-state and intra-state transactions, and is levied by the State Government.

B

Q.67. Which statement correctly differentiates between tangible and intangible real accounts?

A) Tangible real accounts relate to physical assets, while intangible real accounts relate to financial transactions only.

B) Tangible real accounts represent assets that can be physically seen or touched, while intangible real accounts represent assets that cannot be physically touched but have monetary value.

C) Tangible real accounts are recorded in journals, while intangible real accounts are not recorded in books of accounts.

D) Tangible real accounts are always depreciated, while intangible real accounts are never amortized.

B

Q.68 Which of the following correctly applies the three golden rules of accounting?

B

A. Debit the Receiver, Credit the Giver applies to real ac s, while Debit What Comes In, Credit What Goes Out applies to person counts.

B. Debit What Comes In, Credit What Goes Out applies t accounts, and Debit All Expenses and Losses, Credit All Incomes and Gains applies to nominal accounts.

C. Debit the Receiver, Credit the Giver applies to nominal accounts, and Debit What Comes In, Credit What Goes Out applies to personal accounts.

D. Debit All Expenses and Losses, Credit All Incomes and Gains applies to real accounts, while Debit the Receiver, Credit the Giver applies to personal accounts.

Q.69 In a two-column cash book, what is recorded in the discount column on the debit side?

A) Discount received
B) Discount allowed
C) Cash payments
D) Bank deposits

B

Q.70. Who is liable to pay GST under the Goods and Services Tax (GST) regime in India?

A. The supplier of goods or services is generally liable to pay GST, but in cases like imports, reverse charge mechanism, or certain e-commerce transactions, the liability may be shifted to the recipient.

B. Only e-commerce operators are liable to pay GST for all transactions conducted on their platforms, including services provided by the suppliers.

C. Government departments are exempt from paying GST regardless of the threshold limits or type of supply involved.

D. Suppliers whose annual turnover exceeds the prescribed threshold limit must pay GST, while suppliers below the t[illegible]hold limit are exempt from registration and payment.

A

Q.71 In a cash book, what is indicated by the letter 'C' in the L.F. column?

A) Credit entry in cash transactions
B) Contra entry involving both cash and bank accounts
C) Credit entry in bank transactions
D) Closing balance of the cash book

B

Q.72 When does the liability to pay GST arise under the GST regime?

A. The liability to pay GST arises at the time of receiving payment, irrespective of when the invoice is issued or the supply is completed.
B. The liability to pay GST arises at the earliest of the three events: receipt of payment, issuance of invoice, or completion of supply.
C. The liability to pay GST arises only when the invoice is issued, regardless of whether payment is received or supply is completed.
D. The liability to pay GST arises when the supply is completed, but not before the payment is received or invoice is issued.

B

Q.73 What is the primary purpose of maintaining a petty cash book in a business?

A) To record all cash transactions including large payments
B) To record only the payments for fixed assets
C) To record small or petty expenses like conveyance and cartage
D) To track the business's bank balance

C

Q.74 Which of the following statements about GST return filing is correct?

A. All registered persons under GST are required to file returns on a monthly basis, irrespective of their business type.

B. A non-resident taxable person is required to file returns only if their business activity is ongoing for more than six months.

C. A person opting for the composition scheme is required to file returns on a quarterly basis instead of a monthly basis.

D. Banks, being service providers, are eligible for the composition scheme and can file returns accordingly.

C

Q.75 Which of the following best describes the Imprest Amount in the Imprest System of Petty Cash?

A) The total amount spent by the petty cashier during the period
B) The amount given as advance to the petty cashier to cover expected expenses
C) The amount left in the petty cash book after expenses are recorded
D) The amount reimbursed to the petty cashier for personal expenses

B

Q.76 Which of the following is correct regarding the GST Council and Input Tax Credit (ITC) under the Goods and Services Tax (GST) regime in India?

A. GST Council is headed by the Union Finance Minister, and it recommends tax rates and exemptions, but it does not have the authority to make decisions on the goods and services to be taxed.

B. Input Tax Credit (ITC) allows dealers to set off the tax paid on inputs against the tax paid on output, ensuring that the tax burden is only on the value added at each stage of the supply chain.

C. GST Council has the authority to impose taxes on goods and services directly, which are then implemented by the State Governments without consultation.

D. ITC can only be claimed on goods and services purchased f[illegible]ersonal use, and cannot be applied for business purposes.

B

Q.77 Which of the following statements regarding GST return filing and penalties is correct?

A. GSTR-1 must be filed monthly for all registered persons with an aggregate turnover of up to ₹1.5 crores.
B. Late fees for not filing GST returns are calculated based on the amount of tax liability from the next day of the due date until the payment is made.
C. Interest on delayed payment of GST is calculated at 12% per annum.
D. GSTR-3B is required to be filed quarterly for registered persons with an aggregate turnover of up to ₹1.5 crores.

B

Q.78 Which of the following statements regarding Input Tax Credit (ITC) under GST is correct?

A. Under GST, banks and NBFCs can claim 100% ITC on capital goods with no reversal conditions.
B. CENVAT credit on capital goods could previously be availed with no reversal conditions under GST.
C. Under GST, 50% of the CENVAT credit availed against inputs, input services, and capital goods must be reversed, increasing the cost of capital.
D. Banks and NBFCs are not allowed to avail any CENVAT credit under the GST regime.

C

Q.79 Is the passbook a mirror image of the cash book?

A) Yes, always, without any discrepancies
B) No, because the entries are recorded differently in both books
C) Yes, but only in terms of opposite debit and credit entries, though timing differences exist
D) No, because a passbook and a cash book are unrelated

C

Q.80. Why is bank reconciliation necessary?

A) To detect errors and discrepancies between the cash book and passbook balances.
B) To ensure that all cheques issued are immediately reflected in the bank statement.
C) To avoid recording transactions in both the cash book and passbook.
D) To eliminate the need for maintaining a cash book

A

Q.81 Which of the following statements is TRUE regarding the Diminishing Balance (Written Down Value) Method of depreciation?

A) Depreciation is calculated on the original cost of the asset each year.
B) The depreciation expense remains constant over the useful life of the asset.
C) A fixed depreciation rate is applied to the book value of the asset each year, leading to higher depreciation in the earlier years.
D) The method is unsuitable for assets that lose efficiency over time.

C

Q.82 Which of the following is a disadvantage of the Straight-Line Method of depreciation?

A) It is difficult to calculate and understand.
B) The depreciation charge varies every year, making accounting complex.
C) The total charge to the Profit & Loss account may increase in later years due to rising repair costs.
D) Depreciation is applied to the written-down value, leading to a higher initial charge

C

Q.83 Which of the following statements is TRUE regarding the Units of Production Method of depreciation?

A) Depreciation is calculated based on the passage of time rather than asset usage.
B) It is most suitable for assets whose wear and tear depend on actual usage rather than years of service.
C) The depreciation expense remains constant every year.
D) It does not require maintaining detailed records of asset usage

B

Q.84 Which of the following best describes the purpose of creating a Sinking Fund for asset replacement?

A) To accumulate funds over time by setting aside an amount equal to the annual depreciation expense and investing it in readily saleable securities.
B) To record the book value of the asset after accounting for depreciation.
C) To immediately replace a fixed asset as soon as it becomes obsolete, regardless of available funds.
D) To reduce the depreciation expense recorded in financial statements.

A

Q.85 Which of the following statements about amortisation is TRUE?

A) Amortisation applies only to tangible fixed assets like machinery and buildings.
B) Amortisation is the process of systematically allocating the cost of an intangible asset over its useful life.
C) Amortisation is recorded only when an intangible asset is sold.
D) Amortisation is used to increase the book value of intangible assets over time.

B

Q.86 Which of the following best distinguishes between direct and indirect currency quotations?

C

A. A direct quotation expresses the amount of foreign currency per unit of home currency, whereas an indirect quotation expresses the amount of home currency per unit of foreign currency.

B. A direct quotation is the price of the foreign currency in terms of home currency, while an indirect quotation is the opposite.

C. A direct quotation is expressed as the amount of home currency per unit of foreign currency, while an indirect quotation is the amount of foreign currency per unit of home currency.

D. There is no significant difference between direct and indirect quotations in foreign exchange.

Q.87 Which of the following statements about value dates and exchange rate types is correct?

B

A. A TOM rate refers to a currency exchange that takes place two working days after the deal date.
B. A forward rate is applied when the currency exchange occurs after the spot date and may include a premium or discount.
C. A spot rate refers to an exchange of currencies that happens on the same day the deal is concluded.
D. When a currency is at a discount, the value is added to the quoted rate under the direct quotation method.

Q.88 Which of the following statements best explains why forward points exist and how they are determined in the foreign exchange market?

A. Forward points arise only due to speculative trading and do not depend on interest rates or currency demand.

B. Forward points are determined solely by central bank interventio

and have no relation to market expectations or interest differentials

C. Forward points reflect the difference between the spot rate and forward rate, primarily influenced by interest rate differentials, and adjusted by supply-demand and market expectations.

D. Forward points are added randomly to spot rates to create future projections of currency value and are not based on financial logic.

C

Q.89 Which of the following best describes arbitrage in the context of financial markets?

A. A high-risk strategy where investors speculate on future currency movements to maximize returns.
B. The simultaneous buying and selling of a currency or asset in different markets to exploit price differences and earn a risk-free profit.
C. A technique used by central banks to artificially fix exchange rates between two or more currencies.
D. A financial strategy where interest is compounded to generate exponential returns over time.

B

Q.90 Which of the following statements is correct regarding a Bill of Exchange as defined under Section 5 of the Negotiable Instruments Act?

C

A) It must be an oral agreement between two parties.
B) It contains an unconditional promise to pay a certain sum of money.
C) It involves three parties: the drawer, the drawee, and the payee.
D) It can be issued only by a bank

Q.91 Which of the following correctly describes the roles of the three parties in a Bill of Exchange?

B

A) The drawer is the person who accepts the bill and promises to pay; the drawee is the person who draws the bill; the payee is the person who receives the money.

B) The drawer is the person who draws the bill; the drawee is the person on whom the bill is drawn and who is liable to pay; the payee is the person who is entitled to receive the payment.

C) The drawer is the person who pays the bill; the drawee is the person who receives payment; the payee is the bank processing the transaction.

D) The drawer is the person who issues the bill on behalf of the bank; the drawee is always the Reserve Bank of India (RBI); the payee is the government.

Q 92 Which of the following correctly differentiates a Promissory Note from a Bill of Exchange?

C

A) A Promissory Note is written by the creditor, while a Bill of Exchange is written by the debtor.
B) A Promissory Note involves three parties, while a Bill of Exchange involves only two parties.
C) A Promissory Note is an unconditional undertaking by the maker to pay, whereas a Bill of Exchange is an order by the creditor to the debtor to make a payment.
D) A Promissory Note must always be drawn in favor of a bank, while a Bill of Exchange can be drawn in favor of any individual.

Q.93 Under the Negotiable Instruments Act, which of the following statements is incorrect regarding the distinction between a Bill of Exchange and a Cheque?

A) A Cheque must be drawn on a banker, whereas a Bill of Exchange can be drawn on any party.
B) A Cheque does not require a stamp duty, whereas a Bill of Exchange (except for demand bills) requires one.
C) A dishonored Cheque can attract criminal liability under Section 138 of the Negotiable Instruments Act, whereas dishonor of a Bill of Exchange does not lead to criminal liability.
D) A Bill of Exchange is always a negotiable instrument, whereas a Cheque is not.

A

Q.94 Which of the following statements best defines a Holder in Due Course (HDC) under the Negotiable Instruments Act?

B

A) A person who possesses a negotiable instrument and is entitled to receive payment, regardless of how the instrument was obtained.
B) A person who obtains a negotiable instrument for valuable consideration, before maturity, and without knowledge of any defect in the title of the previous holder.
C) A person who holds a negotiable instrument after its maturity but has no knowledge of any prior fraud.
D) Any bank or financial institution that accepts a negotiable instrument for clearing and settlement.

Q.95 Which of the following statements is true regarding the retirement of a bill of exchange?

A) The drawee must pay the full amount along with interest if the bill is retired before its due date.
B) The bill can be retired only if the drawer provides a written request for early payment.
C) The drawee may receive a rebate (discount) for making the payment before maturity.
D) Retirement of a bill is considered a form of dishonour under the Negotiable Instruments Act.

C

Q.96 Which of the following statements best describes an Accommodation Bill under the Negotiable Instruments Act?

A) A bill drawn and accepted without any consideration, purely to assist another party in obtaining credit or funds.
B) A bill that is issued by a bank to provide short-term financing to businesses.
C) A bill that must be drawn on a bank and is always payable on demand.
D) A bill that is backed by collateral and issued for commercial trade transactions.

A

Q.97 Which of the following is the primary function of a Notary Public in the context of Negotiable Instruments?

A) To provide legal representation to the drawee in case of dishonour of a bill.
B) To record and certify the dishonour of a negotiable instrument through a formal protest.
C) To issue negotiable instruments on behalf of the government.
D) To mediate disputes between the drawer and the drawee regarding payment.

B