20 True or False

Decide, then check the answer and reason below each statement.

Question 1

AFM (Accounting & Financial Management for Bankers) is JAIIB Paper 3.

TRUE

It is the practical, numbers-heavy paper positioned third among the four JAIIB papers.

Question 2

There are only two types of accounts in accounting: Real and Personal.

FALSE

There are three types: Real, Personal, and Nominal accounts.

Question 3

The golden rule for Real Accounts is: Debit what comes in, Credit what goes out.

TRUE

This rule applies to all assets of a firm, whether tangible or intangible.

Question 4

The golden rule for Personal Accounts is: Debit the giver, Credit the receiver.

FALSE

The correct rule is the opposite: Debit the receiver, Credit the giver.

Question 5

The golden rule for Nominal Accounts is: Debit all expenses and losses, Credit all incomes and gains.

TRUE

Nominal accounts relate to expenses, losses, incomes and gains rather than physical items.

Question 6

Tangible real accounts include assets like building, machinery and land.

TRUE

These are physical assets you can touch, classified under Real Accounts.

Question 7

Goodwill and patents are classified as Nominal Accounts.

FALSE

Goodwill and patents are intangible Real Accounts, not Nominal Accounts.

Question 8

Personal accounts have three sub-types: natural, artificial and representative personal accounts.

TRUE

Natural relates to real people, artificial to legal entities, and representative to indirect person-related accounts.

Question 9

Prepaid expenses and outstanding expenses fall under representative personal accounts.

TRUE

These accounts indirectly represent a person or entity rather than a named individual or firm.

Question 10

The Double Entry System means a debit in one account has no corresponding credit anywhere else.

FALSE

The Double Entry System requires every debit to have a matching credit in another account.

Question 11

The accounting process moves through recording, classifying, summarising, preparing final statements, and analysing.

TRUE

This is the five-step sequence from Journal entry through to ratio and cash flow analysis.

Question 12

Bookkeeping includes analysis and interpretation of financial records, not just recording.

FALSE

Bookkeeping is only the recording, classifying and summarising layer; analysis belongs to accountancy.

Question 13

Accountancy is described as a wider term than bookkeeping, including analysis and interpretation.

TRUE

Bookkeeping records data; accountancy makes sense of that recorded data.

Question 14

The four branches of accounting are Stewardship, Financial, Cost, and Management Accountancy.

TRUE

Each branch serves a distinct purpose within the broader accounting discipline.

Question 15

Cost Accountancy focuses on ascertaining the cost of each unit, department and process.

TRUE

This focus helps control costs and raise profit, distinct from general financial reporting.

Question 16

Management Accountancy relies on tools like Ratio Analysis, Cash Flow and Capital Budgeting.

TRUE

These tools support internal planning and decision-making within a business.

Question 17

Financial Accounting evolved from the Double Entry system to the Single Entry system.

FALSE

The evolution went the other way, from Single Entry to the more systematic Double Entry system.

Question 18

The Trial Balance comes before journal entries and ledger posting in the accounting process.

FALSE

The Trial Balance comes after journal entries and ledger posting, as a summarising step.

Question 19

A commonly suggested AFM preparation timeline is around 45 days of about one focused hour daily.

TRUE

This consistent, low-pressure schedule is suggested as enough for most JAIIB AFM aspirants.

Question 20

Depreciation and ratio analysis are described as topics that rarely appear in JAIIB AFM exams.

FALSE

These numerical topics are described as repeating almost every JAIIB exam cycle.