

## SECTION ONE: VERBAL REASONING

**Direction:** In this section (questions 1-3) each of the two CAPITALIZED words has a certain relationship to each other. Following the capitalized words are pairs of words. Select the lettered pair of words wherein the words are related in the same way as the two CAPITALIZED words are related to each other. Then give the answer on the separate answer sheet provided.

1. DOMAIN: FIELD  
(A) Crisis: Prosperity  
(B) Overlook: Remember  
(C) Main: Chief  
(D) Attribute: Contribute
2. CONFIRM: REJECT  
(A) Deny: Refute  
(B) Change: Retain  
(C) Hint: Suggest  
(D) Assert: Declare
3. EMULATE: DISREGARD  
(A) Slander: Defame  
(B) Complain: Condemn  
(C) Endorse: Promote  
(D) Praise: Insult

### Antonyms (Questions 4-7)

**Direction:** Each question below consists of a word printed in capital letters followed by four words. Choose the word that is most nearly **opposite** in meaning to the word in capital letters

4. RECOLLECT  
(A) Assemble  
(B) Distribute  
(C) Memory  
(D) Forget
5. INGENUITY  
(A) Dullness  
(B) Certainty  
(C) Skillfulness  
(D) Sentimental
6. INHIBIT  
(A) Activate  
(B) Discard  
(C) Refrain  
(D) Surrender
7. ENDOW  
(A) Donate  
(B) Seize  
(C) Award  
(D) Bestow



**Direction:** For questions 8-11 choose the word/phrase that is similar in meaning to the underlined word or phrase in the sentence. Then give the answer on the separate answer sheet provided.

8. The judges took down the evidence produced by the attorney.  
(A) Accepted  
(B) Rejected  
(C) Recorded  
(D) Turned down
9. When the thief saw the guard at the main gate, he managed to get off from the attack.  
(A) Dodge away  
(B) Overpowered  
(C) Escape  
(D) Hide himself
10. Though defeated, Chechnya, the separatist republic of Russia, would not give in.  
(A) To succeed  
(B) To yield  
(C) To negotiate  
(D) None of these
11. An epidemic of plague had broken out in some villages of Gambella.  
(A) Disturbed normal life  
(B) Eradicated  
(C) Ruined life  
(D) Spread

### Sentence completion

**Direction:** Read each of the questions below (questions 12-15) and choose the word or phrase that correctly fits the blank space. Then give your answer in the separate answer sheet provided.

12. There is no doubt that one has to keep \_\_\_\_\_ with the changing time.  
(A) aside  
(B) away  
(C) Pace  
(D) behind
13. Most of the issues discussed in the meeting were trivial and only a few were \_\_\_\_\_.  
(A) irrelevant  
(B) simple  
(C) insignificant  
(D) important
14. \_\_\_\_\_ by people's perception could be misleading  
(A) Trusting  
(B) Working  
(C) Going  
(D) Making



(b) isolation

... other than \_\_\_\_\_ in his grief.  
(C) friendship  
(D) praise

### Reading comprehension (Questions 16-20)

**Direction:** Given below is a paragraph with conclusions which could or could not be drawn from what has been stated in the paragraph. Make the right conclusions based on the content of the paragraph and give your answer on a separate answer sheet.

Speech is great blessings but it can also be great curse, for while it helps us to make our intentions and desires known to our fellows, it can also, if we use it carelessly, make our attitude completely misunderstood. A slip of the tongue, the use of unusual word, or an ambiguous word, and so on, may create an enemy where we had hoped to win a friend. Again, different classes of people use different vocabularies, and the ordinary speech of an educated may strike an uneducated listener as pompous. Unwittingly, we may use a word which bears a different meaning to our listener from what it does to men of our own class. Thus speech is not a gift to use lightly without thought, but one which demands careful handling. Only a fool will express himself alike to all kinds and conditions to men.

16. Which of the following needs to be avoided in order to win a friend?  
(A) Irony in speech  
(B) Ambiguity in speech  
(C) Verbosity in speech  
(D) Pomposity in speech
17. What should one do while talking to an uneducated person?  
(A) Use ordinary speech  
(B) Use simple words  
(C) Use his vocabulary  
(D) Use polite language
18. If one used the same style of language with everyone, one would sound:  
(A) foolish  
(B) boring  
(C) Flat  
(D) democratic
19. A 'slip of the tongue' means something said:  
(A) wrongly by choice  
(B) without giving proper thought  
(C) intentionally  
(D) to hurt another person
20. Speech can be curse, because it can:  
(A) kill others  
(B) lead to carelessness  
(C) reveal our intentions  
(D) create misunderstanding



SECTION TWO: QUANTITATIVE REASONING (Questions 21-26)

21. What is the square root of 2480625?  
(A) 1557  
(B) 1575  
(C) 1675  
(D) 1755
22. When .36 is written in simplest fractions form, the sum of the numerator and the denominator is:  
(A) 15  
(B) 30  
(C) 45  
(D) 60
23. Which of the following fractions is the smallest?  
(A)  $\frac{14}{16}$   
(B)  $\frac{15}{19}$   
(C)  $\frac{16}{21}$   
(D)  $\frac{17}{23}$
24. Which of the following fractions is less than  $\frac{7}{8}$  and greater  $\frac{1}{3}$ ?  
(A)  $\frac{2}{4}$   
(B)  $\frac{25}{29}$   
(C)  $\frac{9}{19}$   
(D)  $\frac{17}{24}$
25. What is 65% of 0.5?  
(A) 3.25  
(B) 0.035  
(C) 32.5  
(D) 0.325
26. An average weight of three sacks of wheat is 95 KG. If the weight of the two sacks is 92 KG and 97 KG respectively, what is weight of the third sack?  
(A) 90 KG  
(B) 91 KG  
(C) 95 KG  
(D) 97 KG



**SECTION THREE: ACCOUNTING BANKING**

**DIRECTIONS:** Questions 27-78 are numerical problems. Select the best answer from the given alternatives and shade the letter of your choice on the separate answer sheet.

27. Which one of the following may **NOT** be considered as a financial institute in Ethiopia?  
(A) Ministry of Finance  
(B) Ethiopian Insurance Corporation  
(C) Commercial Bank of Ethiopia  
(D) Addis Micro Finance Enterprise
28. The regulatory body of the financial institutions in Ethiopia is:  
(A) Ministry of Finance (MoE)  
(B) Accounting and Auditing Board of Ethiopia (AABE)  
(C) Commercial Bank of Ethiopia (CBE)  
(D) National Bank of Ethiopia (NBE)
29. Whose signature do you find on the 200 birr note which is recently added to the Ethiopian legal tender system?  
(A) Sahlework Zewde  
(B) Adly Ahmed  
(C) Ahmed Shide  
(D) Yinager Dessie
30. How many denominations of currencies (both paper and coins) are available in Ethiopian legal tender system today?  
(A) 9  
(B) 10  
(C) 11  
(D) 12
31. The range between the largest and smallest currencies (paper and coins) of Ethiopia is?  
(A) 195.00 Br.  
(B) 199.99 Br.  
(C) 199.95 Br.  
(D) 199.00 Br.
32. On a given day, a bank clerk has collected the following denominations: 68 of birr 200 notes; 112 of birr 100 notes; 37 of birr 50 notes; 58 of birr 10 notes; 132 of 50 cent coins; and 208 of 25 cent coins. What is the total collection of the day?  
(A) Br. 20,666.00  
(B) Br. 27,348.00  
(C) Br. 27,466.00  
(D) Br. 28,098.00
33. On the registration date, a total of 72 students are to register for their semester courses. For this reason, each has to buy Birr 40 coupons from the bank clerk. However, fourteen of them are entitled for 20% discount of the coupon price for their best performances of the last semester. How many total cash is collected by the clerk from all these 72 students?  
(A) Br. 2,416.00  
(B) Br. 2,432.00  
(C) Br. 2,768.00  
(D) Br. 2,880.00



34. How many of the smallest coin denomination of Ethiopian should accumulate to yield 100 birr?  
 (A) 10,000 (B) 2,000 (C) 1,000 (D) 250
35. A credit sale of Br. 1,500 is made on March 13, terms 2/10, net/30. A return of Br. 200 is granted on March 16. The amount received as payment in full on March 23 is Br.:  
 (A) 1,300 (B) 1,274 (C) 1,270 (D) 1,100
36. When the day is closing, a cashier's cash account shows an ending balance of Br. 650. The bank statement shows a Br.29 service charge and an NSF check for Br. 150. A Br. 240 deposit is in transit and outstanding checks total Br. 420. What is the cashier's adjusted cash balance?  
 (A) Br. 291 (B) Br. 829 (C) Br. 470 (D) Br. 471
37. On a given day, one dollar is sold at 39.3725 Ethiopian birr by all commercial banks. Geletaw wants to have 300USD for his travel. How much birr will the bank deduct from Geletaw's birr account for the dollars?  
 (A) Br. 39,372.5 (B) Br. 3,937.25 (C) Br. 19,686.25 (D) Br. 11,811.75
38. In the above case, assume Geletaw couldn't get the amount from commercial banks and he resorted to black market at which one dollar is sold at 54.60 birr. If he buys the entire three hundred USD from the black market, how much additional money will he pay above what he could have purchase from the banks?  
 (A) Br. 54,600.00 (B) Br. 5,600.00 (C) Br. 4,568.25 (D) Br. 1,522.75
39. The document that is prepared to authorize payment for all acquisitions of goods or services by a company is called:  
 (A) Purchase requisition (B) Purchase order (C) Receiving report (D) Payment voucher
40. Which one of the following may **NOT** be considered as permanent financial document  
 (A) Journal (B) Ledger (C) Financial Reports (D) Worksheet
41. When an asset increases, its account is:  
 (A) debited (B) credited (C) reversed (D) closed
42. Which one of the following is **NOT** a nominal account?  
 (A) purchases account (B) sales account (C) salaries account (D) cash account



43. When a liability increases, its account is:  
(A) debited  
(B) credited  
(C) not changed  
(D) closed
44. Which one of the following is the right statement concerning the asset and liability of a commercial banks?  
(A) Deposits received from depositors is an asset to the bank.  
(B) Loan extended to borrowers is a liability of the bank.  
(C) Banks' asset are those fixed items other than deposit and loan.  
(D) Net asset of a bank is computed in the same way as in other industries.
45. An increase in capital may have an equivalent:  
(A) decrease in assets.  
(B) increase in other item of equity.  
(C) increase in liabilities.  
(D) increase in assets.
46. In a company that uses cash basis of accounting, one of the following source books may **NOT** be required?  
(A) Bank Account  
(B) Petty Cash Account  
(C) Sales Ledger  
(D) Nominal Ledger
47. An account used to determine the carrying or net value of another account is known as:  
(A) reverse account  
(B) opposite account  
(C) contra account  
(D) realization account
48. Which one of the following is an internal transaction?  
(A) Recording salaries expense  
(B) Purchase of goods from supplier  
(C) Recording depreciation  
(D) Purchase of equipment for cash
49. If an entity incorrectly records a payment as an asset, rather than as an expense, how will this error affect net income in the current period?  
(A) Net income will be too high  
(B) Net income will be too low  
(C) Net income will not be affected by this error  
(D) Its a mystery; nobody really knows
50. Payment of an account payable affects the components of the accounting equation in the following way.  
(A) Decreases equity and decreases liabilities.  
(B) Increases assets and decreases liabilities.  
(C) Decreases assets and increases equity.  
(D) Decreases assets and decreases liabilities



57. A company pays Br. 40,000 to replace a major component of a factory machine. The faulty component that is replaced is sold for Br. 2,000. The carrying amount of the machine just before this replacement occurs is Br. 450,000, of which Br. 10,000 relates to the faulty component that is being replaced. The revised carrying amount of the machine after the replacement occurs and the profit or loss on disposal of the faulty component are:
- (A) Carrying amount Br. 490,000, Loss Br. 8,000
  - (B) Carrying amount Br. 480,000, Loss Br. 8,000
  - (C) Carrying amount Br. 480,000, Loss Br. 10,000
  - (D) Carrying amount Br. 490,000, Profit Br. 2,000
58. All of the following are related to control on cash payments, **EXCEPT**:
- (A) Use of petty cash system
  - (B) Effecting payments using checks
  - (C) Making no payment from collections
  - (D) Using cash register machines
59. All of the following would involve a debit memorandum **EXCEPT**:
- (A) a bank service charge.
  - (B) interest earned
  - (C) an NSF check.
  - (D) the cost of printing checks.
60. Which of the following items in a cash drawer at Sene 30 is **NOT** cash?
- (A) Money orders
  - (B) Coins and currency
  - (C) A customer check dated Hamle 5
  - (D) A customer check dated Sene 29
61. A petty cash fund of Br. 5, 000 is replenished when the fund contains Br. 350, in cash and receipts for Br. 4, 638. The entry to replenish the fund would be:
- (A) Credit cash short and over account for Br. 12
  - (B) Credit Cash In Bank for Br. 4,638
  - (C) Debit cash short and over account for Br. 12
  - (D) Debit Petty Cash for Br. 4,638
62. The bank made an error by posting another company's credit memo to your company's bank account. How do you treat this in preparing your company's bank reconciliations?
- (A) Add to book balance
  - (B) Deduct from book balance
  - (C) Add to bank balance
  - (D) Deduct from bank balance
63. A company wrote a check for Br. 7,600 and it cleared the bank for 7,600. However, the company recorded the check in its Cash account as Br. 6,700. How is the difference of Br. 900 handled on the bank reconciliation?
- (A) Add to book balance
  - (B) Deduct from book balance
  - (C) Add to bank balance
  - (D) Deduct from bank balance



64. A company had a receipt of Br. 9,890 and correctly prepared its bank deposit slip for Br. 9,890. However, the company recorded the receipt in its Cash account as Br. 9,980. How is the difference of Br. 90 handled on the bank reconciliation?
- (A) Add to book balance  
(B) Deduct from book balance  
(C) Add to bank balance  
(D) Deduct from bank balance
65. The bank erroneously charged your entity's account for Br. 950.50 for a check that was correctly written and recorded by your entity as Br.590.50. To reconcile the bank account of the entity at the end of the month, you would:
- (A) deduct Br. 360 from the cash balance according to the bank statement.  
(B) deduct Br. 360 from the cash balance according to entity's records.  
(C) add Br. 360 to the cash balance according to the bank statement.  
(D) add Br. 360 to the cash balance according to entity's records.
66. What is the decision that involves determining the appropriate make-up of the right-hand side of the balance sheet?
- (A) Asset management  
(B) Financing  
(C) Investment  
(D) Capital budgeting
67. One of the following **CANNOT** be a source of short-term funds for banks.
- (A) Checking account deposits  
(B) Ordinary shares  
(C) Time deposits  
(D) Promissory notes
68. Other things being equal, lenders prefer to lend for short periods because:
- (A) they can earn higher interest.  
(B) they have more choice.  
(C) they can reinvest frequently.  
(D) the future is uncertain.
69. Which of the following best defines the term "Letter of Credit" as used frequently in a bank transactions?
- (A) An order from a bank to another bank abroad authorizing the payment of a particular amount to a person named in the letter.  
(B) An unconditional undertaking given by a bank ensuring the payment of a particular amount to the drawee at a given date.  
(C) Letter by a bank to a person stating the terms and conditions of the loan sanctioned to him by the bank.  
(D) Statement showing outstanding deposits and credit of a bank for a particular period.



70. Credit risk is the risk that:
- (A) one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
  - (B) the fair value of a financial asset or liability will fluctuate because of changes in exchange rates.
  - (C) an entity will encounter difficulty in meeting its obligations associated with financial liabilities.
  - (D) the fair value of a financial asset or liability will fluctuate because of changes in interest rates.
71. Which ratios would be most useful to an entity's suppliers?
- (A) Average trade payables days and the current ratio
  - (B) Average trade receivable days and the current ratio
  - (C) Gearing and interest cover
  - (D) Return on capital employed and surplus margin
72. Which of the following statements (in general) is correct?
- (A) A low receivables turnover is desirable.
  - (B) The lower the total debt-to-equity ratio, the lower the financial risk for a firm.
  - (C) An increase in net profit margin with no change in sales or assets means a poor ROI.
  - (D) The higher the tax rate for a firm, the lower the interest coverage ratio.
73. A Company had sales last year of Br. 265 million, including cash sales of 100 million. If its average collection period was 36 days, its ending accounts receivable balance is closest to (Assume a 365-day year).
- (A) Br. 26.1 million
  - (B) Br. 23.7 million
  - (C) Br. 7.4 million
  - (D) Br. 18.7 million
74. Assume that a company has a current ratio of 1.7. The current liability total was Br. 170,000. What would be the current asset balance as of same date?
- (A) Br. 100,000
  - (B) Br. 170,000
  - (C) Br. 289,000
  - (D) Br. 70,000
75. A company issues Br. 500,000 of 6.5% loan stock at a discount of 8%. Issue costs of Br. 25,000 are incurred. The loan stock should be measured initially at:
- (A) Br. 500,000
  - (B) Br. 475,000
  - (C) Br. 460,000
  - (D) Br. 435,000

THE END