

Marks: 75

Duration: 2.5 Hours

Note: 1) All questions are compulsory.

2) Working Notes should form part of your answer

3) Figures to the right indicate full marks

**Q.1 A) State whether the following statements are True or False (Any Eight) (8)**

1. The Banking Regulation Act, of 1949, does not require statutory reserves for banking companies.
2. Non-performing assets generate income for banks.
3. Insurance companies do not need to follow any specific format for their financial reports.
4. AS 3 requires companies to use the direct method for cash flow analysis.
5. Ethical behaviour is irrelevant when preparing financial reports.
6. The increasing role of whistle-blowing helps in reducing unethical practices in accounting.
7. The retrospective application of other IFRS is not allowed when adopting IFRS for the first time.
8. IFRS 2 deals with share-based payments, including cash-settled and equity-settled transactions.
9. Insurance companies are required to account for unearned premiums and outstanding claims in their final accounts.
10. Corporate governance and corporate social responsibility are unrelated to ethical behaviour in financial reporting.

**Q.1 B) Match the column (Any Seven) (7)**

Column A	Column B
1. Non-Performing Assets	a) Share-based payments
2. Statutory Liquidity Ratio (SLR)	b) Legal provisions for banking companies
3. Whistle-Blowing	c) 50 % of net premium
4. Statutory Reserve	d) Not generating income
5. Banking Regulation Act, 1949	e) Preparation of cash flow statements
6. Reserve for unexpired risk of fire insurance	f) 25% of net profit
7. IFRS 1	g) Encourages reporting unethical practices
8. NPA provision for Doubtful Assets (More than 3 years) (unsecured portion)	h) Ensures bank liquidity
9. AS 3	i) Transition to IFRS for the first time
10. IFRS 2	j) 100% provision required



**Q2a)** From the following information calculate the amount of provision required to be made in the Profit & Loss Account of Laxmi Commercial Bank Ltd for the year ended 31/3/2024

Advances	Rs (Lakhs)
Standard Asset	2,400
Sub Standard Asset	880
Doubtful Asset:	
Up to One Year	360
One to Three Years	270
More than Three Years	120
Loss Asset	240

(7)

**Q2B)** Calculate the Rebate on Bill Discounted as on 31/3/2023 from the following information:

(8)

Date of Bill	Amount ( Rs )	Period	Rate of Discount
15/1/2023	5,00,000	5 months	10%
10/2/2023	3,00,000	4 months	9%
25/2/2023	4,00,000	3 months	12%
28/2/2023	2,00,000	6 months	11%
15/3/2023	1,00,000	3 month	8%

OR

**Q2) C)** The following is the Trial Balance of Sun Bank Ltd . Construct Balance Sheet as on 31/3/2024

(15)

Particulars	Debit	Particulars	Credit
Cash in Hand	1,20,000	Share Capital of Rs 100 each, Rs 50 paid up	5,00,000
Cash with RBI	2,70,000	Statutory Reserve Fund	13,00,000
Cash with other banks	3,00,000	Balance in P&L Account	7,00,000
Money at Call	50,000	Current Accounts	80,000
Investments	5,50,000	Saving Bank Deposits	3,00,000
Cash Credit, Overdraft and Loan	18,90,000	Fixed Deposits	8,00,000
Bills Discounted	3,00,000	Recurring Deposits	2,00,000
Fixed Asset	20,00,000	Borrowings	6,00,000
Non-Banking Asset Acquired in Satisfaction of Claims	60,000	Branch Adjustment	20,000
Advance Tax	20,000	Bills Payable	60,000
Tax Deducted at Source	10,000	Unexpired Discount	1,40,000
		Provision for taxation	50,000
		Provision for Depreciation	8,00,000
		Reserve for Doubtful Debts	20,000
	55,70,000		55,70,000

Adjustments:

- 1) Guarantees are given on behalf of constituents of Rs 25,000
- 2) Liability for partly paid investments Rs 20,000



**Q3) A)** The following information of Royale Fire Insurance Company Ltd is provided to you for the year ending 31/3/2024.

Particulars	Amount (Rs.)
Claims Paid	2,25,000
Legal Expenses Regarding Claim	20,250
Claims Unpaid:	
1/4/2023	40,500
31/3/2024	38,250
Premium Received	7,25,000
Premium on Reinsurance Ceded	33,750
Commission on Direct Business	1,57,500
Management Expenses	67,500
Provision for Unexpired Risk ( 1/4/2023)	2,47,500
Commission on Reinsurance Ceded	15,000
Commission on Reinsurance Accepted	20,000
Surveyors Fees Regarding Claims	15,750

**Prepare Revenue account for Royale Fire Insurance Co Ltd**

**(15)**

**OR**

**Q3) B)** Krishna General Insurance Co submits the following information for the year ended 31/3/2024 **Prepare Revenue account for Krishna General Insurance Co**

**(15)**

Particulars	Direct Business	Re-Insurance
Premium Received	32,87,500	4,75,000
Premium Paid		2,37,500
Claims Paid during the year	21,25,000	2,50,000
Claims Payable:		
Opening	3,12,500	43,500
Closing	3,59,000	30,000
Claims Received:		1,62,500
Claims Receivable:		
Opening		32,500
Closing		55,000
Commission	75,000	5,500
Commission on Re-Insurance Ceded		7,000

Expenses of Management Rs 1,15,000 includes surveyors' fees of Rs 21,000 and Rs 34,500 toward legal expenses related to claims. The opening Balance in Reserve for Unexpired Risk amounts to Rs 12,25,000. Reserve for unexpired risk is to be maintained @ 40%.



**Q.4 A)** Following are summarised balance sheets of BDM Ltd. as on 31st December, 2022 and 2023.

Liabilities	2022 (Rs.)	2023 (Rs.)	Assets	2022(Rs.)	2023 (Rs.)
Equity Shares	2,00,000	2,50,000	Bank	35,000	16,000
10% Preference Shares	50,000	80,000	Stock	40,000	75,000
12% Debentures	1,00,000	80,000	Debtors	90,000	1,50,000
Bank loan	70,000	1,10,000	Machinery	75,000	60,000
Reserves	20,000	25,000	Furniture	10,000	8,000
Profit and Loss A/c	50,000	60,000	Land	1,70,000	2,80,000
Creditors	60,000	75,000	Building	1,40,000	99,000
Bills Payable	40,000	33,000	Goodwill	30,000	25,000
<b>Total</b>	<b>5,90,000</b>	<b>7,13,000</b>	<b>Total</b>	<b>5,90,000</b>	<b>7,13,000</b>

**Additional Information:**

(a) Depreciation charged during 2014 was ₹4,000 on Furniture, ₹12,000 on Machinery, and ₹20,000 on Buildings.

(b) Part of the Machinery was sold for ₹15,000 at a loss of ₹4,000.

(c) During 2014, interim dividend was paid ₹10,000, and Income Tax was paid ₹5,000.

(d) During the year, part of the building was sold at book value.

**You are required to prepare Cash Flow Statement as per AS-3**

**(15)**

**OR**

**Q.4B)** The following Balances are extracted from the books of Success Ltd. as on 31st March, 2024:

Particulars	Dr. (Rs.)	Cr. (Rs.)
Sales		15,800
Purchase of Materials	6,090	
Share Capital		500
Purchase of Land	1,365	
Leasehold Premises	210	
Creditors		2,315
Debtors	3,675	
Director's Salaries	195	
Wages	555	
Work in Progress on 1-4-2023	1,050	
sub-contractors Cost	4,470	
Equipment	2,320	
Stock of Materials on 1-4-2023	295	
Profit and Loss Account balance on 1-4-2023		640
Secured Loan		560
Bank Overdraft		525
Interest on Loan and OD	110	
Depreciation	180	
Salaries	90	

Administration Expenses	735	
Reserves		1,000
	<b>21,340</b>	<b>21,340</b>

**Adjustments:**

1. Income tax to be provided at 35% of the profits.
2. The directors propose a dividend of 20%.
3. Stock of Materials and Work in Progress on 31st March 2024 were Rs. 350 lakhs and Rs. 70 lakhs respectively.

You are requested to prepare a profit and loss statement of the company as per Revised Schedule III.

- Q.5) A) Discuss code of ethics towards different stake-holders. (8)  
 B) What is the objective and scope of Ind AS- 102? (7)

OR

- Q.5) C) Write short notes on: (Any 3) (15)

- 1) Rebate on Bills Discounted
- 2) Reinsurance
- 3) Contingent Liability
- 4) Cash Flow Statement
- 5) First IFRS Financial statements