

Duration: 2.5 hours

Marks-75

- Note: 1) All questions are compulsory.
 2) Working Notes should form part of your answer.
 3) Figures to the right indicate full marks

Q1. A) Select the most appropriate alternatives from those given below and rewrite the statements. (Any 8) (08)

1. Which of the following is included in the statutory reserves of a Banking Company?
 - a) Capital Reserve
 - b) Cash Reserve
 - c) Revenue Reserve
 - d) Revaluation Reserve
2. Non-performing assets (NPA) are classified into which categories?
 - a) Performing, Non-performing, Irregular
 - b) Standard, Sub-standard, Doubtful, Loss
 - c) Current, Doubtful, Unrealised
 - d) None of these
3. Which schedule is mandatory for Insurance Company Final Accounts under IRDA guidelines?
 - a) Schedule VI
 - b) Schedule VII
 - c) Schedule VIII
 - d) None of these
4. What do Corporate Final Accounts of Insurance Companies primarily include?
 - a) Trading and Profit & Loss Account
 - b) Revenue Account, Profit & Loss Account, and Balance Sheet
 - c) Manufacturing Account and Balance Sheet
 - d) Only Cash Flow Statement
5. Which of the following is treated as an adjustment item in Company Final Accounts?
 - a) Provision for Tax
 - b) Closing Stock
 - c) Proposed Dividend
 - d) All of the above
6. Discount on issue of shares is classified as:
 - a) Revenue Loss
 - b) Deferred Revenue Expenditure
 - c) Operating Expense
 - d) Miscellaneous Income
7. As per AS-3, which method is recommended for Cash Flow Analysis?
 - a) Direct Method
 - b) Indirect Method
 - c) Hybrid Method
 - d) None of these
8. Whistle-blowing in ethics refers to:
 - a) Concealing fraud for company benefit
 - b) Reporting unethical/illegal practices
 - c) Writing annual reports
 - d) Encouraging team building
9. IFRS 1 deals with:
 - a) First-time adoption of IFRS
 - b) Presentation of Financial Statements
 - c) Revenue Recognition
 - d) Accounting for Leases
10. Under IFRS, related party transactions are disclosed in accordance with:
 - a) IAS 10
 - b) IAS 18
 - c) IAS 24
 - d) IFRS 15

Q1 B) State whether True or False (Any 7)

(07)

1. Bills discounted and rediscounted are part of Banking Company accounts.
2. Performing assets are those which have stopped generating income.
3. Insurance companies must prepare accounts as per Companies Act only, ignoring IRDA.
4. Listed insurance companies are required to follow accounting policies from annual reports.
5. Provision for tax is not considered while preparing Final Accounts of Companies.

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6. Capital expenditure included in revenue expenditure must be adjusted in final accounts.
7. AS-3 recommends both direct and indirect methods equally for Cash Flow Analysis.
8. Ethical behaviour of accountants has implications for corporate governance.
9. IFRS 1 relates to the transition to IFRS for the first time.
10. Related party disclosures are irrelevant under IFRS.

Q. 2 A. On 31st March 2025, the following balance stood in the books of ACC Bank Ltd. (15)

	Rs. '000		Rs. '000
Share capital	7,000	Reserve fund	4,900
Current account (credit)	1,12,000	Fixed deposit accounts	13,300
Money at call & short notice	4,200	Savings bank account	42,000
Profit & loss account (credit 1-4-2024)	2,940	Investment (at cost)	42,000
Land & building	14,890	Dividend for 2024	700
Cash with RBI	21,000	Cash in hand	840
Cash with other banks	18,200	Loans, overdrafts & cash credit	98,000
Bills discounted & purchased	8,400	Borrowings from other banks	8,800
Unclaimed dividend	420	Sundry creditors	420
Acceptance on behalf of customers	2,800	Bills payable	11,200
		Net profit for 2024-25	3,360

The net profit is after charging provision for bad debts Rs. 4,20,000, provision for taxation Rs. 14,00,000 & rebate on bills discounted Rs. 70,000. Bill for collection Rs.1960
Construct a Balance Sheet of the bank on 31st March 2025.

OR

Q. 2 B From the following balances, prepare profit and loss account of Akash Bank Ltd. for the year ended 31st March,2025: (15)

Particulars	Amount	Particulars	Amount
Interest on loans	6,21,600	Interest on FD	6,60,000
Commission received	19,680	Salaries & allowance	1,29,600
Discount on bill discounted	1,00,800	Interest on cash credit	5,35,200
Interest on current account (cr.)	5,04,000	Rent and Taxes	43,200
Interest on overdraft	3,69,600	Director's fees	10,080
Interest on saving bank account	1,63,200	Postage and Telegram	10,320
Locker rent	2,400	Transfer fees	1,680
Sundry charges	4,080		
Depreciation on bank property	12,000		

Other information:

- a) Rebate on bills discounted Rs. 22,800

Q.3 A Prepare a Revenue Account in respect of Fire Insurance Business from the following details of Silver General Insurance Company Ltd. For the year ended 31st March, 2025.

Particulars	Rs.
Reserve for unexpired risk on 1 st April, 2024 @30%	64,000
Additional Reserve	12,800
Estimated Liability for claims admitted	
On 1 st April 2024	12,000
On 31 st March 2025	16,000
Claims paid	1,44,000
Legal expenses	4,000
Reinsurance Recoveries	12,000
Medical Expenses	2,000
Bad debts	1,600
Premiums Recovered	1,92,000
Premiums on Reinsurance accepted	12,800
Premiums on Reinsurance ceded	16,800
Commission on Direct Business	18,000
Commission on Reinsurance accepted	800
Commission of Reinsurance ceded	1,200
Expenses of Management	16,000
Interest Divided and Rent	9,600
Profit sale of Investment	1,600

Create a Reserve for unexpired Risk @ 30% of Net Premium. Create an additional Reserve equivalent to the opening balance (15)

OR

Q.3 B From the following information as on 31st March, 2025. Prepare the revenue account of the Laxmi Insurance Co. Ltd. In respect of fire and marine insurance. (15)

Particulars	Fire Rs.	Marine Rs.
Outstanding claims (opening balance)	40,000	35,000
Claim paid	5,00,000	4,00,000
Reserve for Unexpired risk (opening balance)	2,30,000	3,50,000
Premium received	12,50,000	7,50,000
Agent Commission	25,455	26,554
Expenses management	55,558	45,999
Re-insurance premium (debit)	50,000	1,00,000

Additional Information:

particulars	Fire Rs.	Marine Rs.
Claims outstanding closing balance	50,000	40,000
Premium outstanding closing balance	1,00,000	75,000
Expenses management outstanding closing balance	2,555	4,555

Q.4 A) From the following relating to the Accounts of Shraddha Ltd., prepare Cash Flow Statement as per AS-3.

(15)

Balance Sheet					
Liabilities	31.3.25	31.3.24	Assets	31.3.25	31.3.24
	Rs.	Rs.		Rs.	Rs.
Share Capital	10,00,000	8,00,000	Plant and Machinery	7,00,000	5,00,000
Reserves	2,00,000	1,50,000	Land and Building	6,00,000	4,00,000
Profit and Loss A/c	1,00,000	60,000	Investment	1,00,000	-
Debentures	2,00,000	-	Sundry Debtors	5,00,000	7,00,000
Provision for Taxation	1,00,000	70,000	Stock	4,00,000	2,00,000
Proposed Dividend	2,00,000	1,00,000	Cash on hand/Bank	2,00,000	2,00,000
Sundry Creditors	7,00,000	8,20,000			
	25,00,000	20,00,000		25,00,000	20,00,000

Additional Information:

- (1) Depreciation @ 25% was charged on the opening value of Plant and Machinery.
- (2) During the year one old machine costing Rs. 50,000 (WDV Rs. 20,000) was sold for Rs 35,000.
- (3) Rs. 50,000 was paid towards Income tax during the year.
- (4) The building under construction was not subject to any depreciation.

OR

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

(15)

Particulars	Dr. (Rs.)	Cr. (Rs.)
Sales		15,800
Purchase of Materials	6,090	
Share Capital of Rs. 10 each		500
Purchase of Land	1,365	
Leasehold Premises	210	
Debtors	2,315	
Creditors		3,675
Director's Salaries	195	
Wages	840	
Work in Progress on 1-4-2023	295	
Sub-Contractor's Cost	1,050	
Equipment	4,470	
Stock of Materials on 1-4-2023	2,320	
Profit and Loss Account balance on 1-4-2023	295	
Secured Loan		640
Bank Overdraft	525	
Interest on Loan and OD	110	
Depreciation	180	
Salaries	90	
Administration Expenses	735	
Reserves		1,000
Total	21,340	21,340

Adjustments:

- (a) Income tax to be provided at 35% of the profits.

(b) The directors propose a dividend of 20%.

(c) 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 profit and loss statement of the company as per Revised Schedule III.

Q.5 A) What is the importance of ethical behaviour in accounting and financial reporting?

(8)

B) Explain the need and importance of International Financial Reporting Standards (7)

OR

Q.5 C. Short Notes (Any 3 out of 5)

(15)

1. Rebate on Bills Discounted
2. Claims and Commission in Insurance Accounts.
3. Objectives of adopting IFRS in India.
4. Classification of cash flow
5. Managerial Remuneration and its disclosure in Company Final Accounts
