

Corrigendum/Explanation SFG FRC 2026 Test 57

There is 1 change in today's paper. In Q.21 the correct answer is Option d

Q.21) With reference to Lost Assets and Written-off Assets, consider the following statements:

- I. A Lost Asset continues to remain on the bank's balance sheet.
- II. A Written-off Asset is removed from the balance sheet and treated as a loss.
- III. No provisioning is required once a loan is written off.

Which of the statements given above is/are correct?

- a) I and II only
- b) II and III only
- c) I only
- d) I, II and III**

For Future Reference:

Statement III is correct: Once a loan is written off, the "loss" has already been realized and the asset is removed. Therefore, there is no longer a need to maintain a "provision" for that specific asset because it is no longer an "asset" on the books.