

Chapter-4

Accounts of Banking Companies

Meaning:

A Banking company has been defined under section 5(c) of the Banking Regulation Act, 1949, as "any company which transacts the business of banking in India"

Section 5(b) of the Banking Regulation Act, 1949, defines Banking as "accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise".

Rebate on Bill Discounted:

Rebate on bill discounted refers to the discount earned on bill, discounted, for the future period. It is the unearned amount of discount received by the bank. It is an income received in advance. It is also known as unexpired discount

Statutory Reserve : According to Sec 17(1) of the Banking Regulation Act, every banking company, incorporated in India must transfer at least 25% of its annual profits to statutory reserve. Such transfer must be made until the reserve exceeds the paid up capital

Cash Reserve/ Cash Reserve Ratio: according to sec 42 of the Banking Regulation Act, every scheduled and non scheduled Bank must deposit with RBI, an amount equal to 3% of its time and demand liabilities. Presently the percentage is 8% and RBI has the powers to increase the percentage upto 20%.

Statutory Liquidity Ratio : every Banking co must invest <sup>18%</sup> 25% of its time and demand liabilities i.e total deposit in gold and securities. The percentage can be increased upto 40% by RBI. This requirement is provided under section 24 of the Banking Regulation Act.

Guidelines of RBI for compilation of financial statements

1. Capital : Authorised capital, Issued capital, Subscribed capital, called up capital. Less: Calls unpaid, Add: Forfeited shares
2. Reserves and Surplus: Statutory reserve, Capital reserve, Share premium, Revenue and other Reserve, Balance of Profit
3. Deposits : demand deposit, saving Bank deposit, current account, Term deposits, fixed deposit, cumulative and recurring deposits, cash certificates, certificates of deposits, annuity deposit, ordinary staff deposits, foreign currency non resident deposits accounts etc

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CARSLIBEL - CALIB/A/E/D

4. Borrowings : Borrowings from RBI, Borrowings from commercial bank, Borrowings from IDBI, Export Import Bank, Bank for Agriculture and Rural Development and other institutions, agencies, borrowings outside India.
5. Other liabilities and Provisions:
  - a) Bills payable : includes drafts, telegraphic transfer, traveler cheques, mail transfer payable, pay slips, bankers cheques
  - b) Inter office adjustment : if in credit, should be shown under this head.
  - c) Interest accrued : includes interest accrued but not due on deposits and borrowings
  - d) Others(including provisions): includes Provision for income tax, provisions for bad debts, provision for depreciation in securities, proposed dividend, unclaimed dividend, unexpired discount( Rebate on BIL), Outstanding charges like rent, conveyance etc. certain types of deposit like Staff security deposit, margin deposit etc.
6. Cash and Balance with the Reserve Bank of India : including currency notes, Bal with RBI includes in Current a/c, in other a/c
7. Balance with Banks and money at call and short notice: in India, outside India. bal with Banks includes : in current a/c, in other deposit a/c ,money at call and short notice.
8. Investments : Govt securities, other approved securities, shares, Debentures, Investment in subsidiaries, joint ventures others like GOLD, Commercial papers etc. These securities should be at book value . however the difference between the book value and market value should be given in the notes to the Balance Sheet.
9. Advances : Bills purchased and discounted, cash credit, overdrafts and loan repayable on demand term loan, secured by tangible assets
10. Fixed assets : premises, furniture and fixtures
11. Other Assets : Inter office adjustments : if in debit should be shown under this head. Interest accrued, tax paid in advance, stationary and stamps, non Banking Assets, ownings by foreign correspondence, SILVER.
12. Contingent liabilities

Bills for collection : Bills and other items in the course of collection and not adjusted will be shown against this item in the summery version only . No separate schedule is proposed.

#### EASY WAY TO REMEMBER SCHEDULES:

1-5 Can Ram Dhoni Buy Orange???(Capital, Reserve, Deposits, Borrowing, Other liability and provision)

6-11 C.B.I A Fair Organization!!!!( Cash, Bal with, Investment, Advances, Fixed assets, Other assets)

Problems :

1. While preparing the final a/c of Banking co under which schedule the following appears?  
(BU 2014)
 

a) Audit fees	e) commission and exchange
b) Law charges	f) Lockers rent
c) Interest on Deposit	g) Silver
d) Non Banking Assets	h) Branch Adjustment (cr)
2. How do you treat following in Banking co (BU 2015)
  - a) Gold
  - b) Silver
3. While preparing the final a/c of Banking co under which schedule the following appears?  
(BU 2016)
 

a) Transfer fees $\Rightarrow 14$	d) Telegraphic transfer $\Rightarrow 2e 5 =$
b) Gold $\Rightarrow$	e) Shares $\Rightarrow$ Sec 8 Investment
c) Current a/c $\Rightarrow 2e 3$	f) Silver $\Rightarrow$ Sec 11 Other asset
4. While preparing the final a/c of Banking co under which schedule the following appears?  
(BU 2017)
 

a) Shares $\Rightarrow 8$	d) Transfer fees $\Rightarrow 14$
b) Current a/c $\Rightarrow 3$	e) Commission and exchange $\Rightarrow 14$
c) General Reserve $\Rightarrow 2$	f) Interest on deposits $\Rightarrow 15$
5. While preparing the final a/c of Banking co under which schedule the following appears?
  - a) Certificate of deposit  $\Rightarrow 3$
  - b) Ordinary staff deposit  $\Rightarrow 3$
  - c) Traveler cheque  $\Rightarrow 5$
  - d) Staff security deposit  $\Rightarrow 5$
  - e) Margin deposit  $\Rightarrow 5$
  - f) Owings by foreign correspondents = 11
  - g) Acceptance, endorsement = 12
  - h) Stationary and stamps = 11
  - i) Inter office adjustment (dr)  $\Rightarrow 11$
  - j) Non banking assets = 11
  - k) Liability on a/c of outstanding forward exchange contracts  $\Rightarrow 14$
  - l) Bills purchased and discounted = 9
  - m) Term loan = 9
  - n) Commercial paper = 8
  - o) Cash credit = 9
  - p) Debentures and bonds = 8
  - q) Pay slips = 5
  - r) Lockers rent = 14
  - s) Bills payable = 5

- t) Income from investment = 13
- u) Share premium = 42
- v) Unclaimed dividend = 5
- w) Recurring deposit = 3
- x) Balance of profit = 2
- y) Discount(cr) = 13
- z) Loans to employees = 9

6. From the following prepare P/L a/c of Krishna Bank LTD for the year ending 31/3/2017

Particulars	Amount
Interest on loan = 12	34,900
Interest on Fixed deposit = 15	36,500
Rebate on Bill discounted = 5 = 13	4,800
Commission charged on customers = 14	910
Office expenses = 16	15,500
Discount on bill discounted 15	19,400
Interest on cash credit 13	22,400
Balance of P/L a/c = 2	1,200
Rent and taxes = 16	1,800
Interest on overdrafts = 13	12,800
Director's Remuneration = 16	420
Interest on saving deposit a/c = 15	6,900
Postal expenses = 16	150
Printing and stationary = 16	390
Other exp = 16	180

7. From the following prepare P/L a/c of Vijaya Bank LTD for the year ending 31/3/2017

Particulars	Amount
Interest on loan 15	25,90,000
Interest on Fixed deposit 15	27,50,000
Commission 14	82,000
Establishment charges 16	5,04,000
Discount on bill discounted 13	-14,60,000
Interest on cash credit 13	22,30,000
Interest on current a/c 15	42,000
Rent and rates 16	1,80,000
Interest on overdrafts 13	15,40,000
Director's fees 16	30,000
Audit fees 16	12,000
Interest on current and saving deposit a/c 15	11,00,000
Postal expenses 16	14,000
Printing and stationary 16	29,000
Sundry charges 16	17,000

Bad debts to be written off to Rs 4,00,000, provide for taxation 55%, Rebate on bill discounted 40,000

8. From the following, prepare P/L a/c of Mysore Bank LTD for the year ending 31/3/2017

Particulars	Amount
Interest on loan 13	51,800
Interest on fixed deposit 15	55,000
Commission received 14	1,600
Salaries and allowances 11	10,800
Discount on bill discounted 13	29,200
Rebate on bill discounted 13	9,800
Interest on cash credit 13	44,600
Interest on current a/c 15	8,400
Rent and taxes 11	3,600
Interest on overdrafts 13	30,800
Director fees 11	600
Audit fees 11	200
Interest on SB a/c 15	13,600
Postage and telegram 11	300
Printing and stationary 11	600
Lockers rent 14	200
Transfer fees 14	100
Depreciation on bank properties 11	1,000
Sundry charges 11	400

Provide for bad debts 8,000, provision for income tax 30,000

9. From the following prepare P/L a/c of P.N Bank LTD for the year ending 31/3/2017

Interest on loan 13	51,000
Interest on cash credit 13	44,600
Interest on overdraft 13	39,000
Discount on bill discounted 13	10,800
Interest on SB deposit 15	22,000
Interest on Fixed deposit 15	55,400
Commission, Exchange and Brokerage 14	16,400
Rent, Tax and Lighting 16	36,000
Auditor's fees 16	2,400
Postage, telegram and telephone 16	2,800
Sundry charges 16	2,000
Advertisement and publicity 16	1,400
Director fees 16	600
Printing and stationary 16	400
Law charges 16	1,400
Payment to employees 11	10,800
Lockers rent 14	700
Transfer fees 14	1,400
Depreciation on banks property 16	10,000

Additional info : a) Rebate on bill discounted 9,800 b) provide for bad debts 5,800

10. From the following balance prepare Balance sheet of Lucky Bank Ltd as on 31/3/17

Share capital 1	2,00,000
Premises 10	1,00,000
Rebate on bill discounted 13 - 5	5,000
Travelers cheque 5	2,00,000
Deposit 3	56,00,000
Loans 9	22,00,000
Reserves 2	3,00,000
Cash in hand 6	30,000
Cash with other banks 7	4,50,000
Money at call 2	9,00,000
P/L a/c (Cr) 25-2	45,000
Investments 8	7,00,000
Bill purchased 9	15,00,000
Acceptance for customers 12	5,00,000
Bills for collection 11	4,00,000
Depreciation fund on premises 16	10,000
Cash with RBI 6	5,20,000
Pension fund 15	40,000

Additional info: a) Travelers cheque paid 10,000 b) money at call recovered 20,000

11. Following is the trial balance of Dhanalaxmi Bank Ltd as on 31/3/2017

Share capital 1		1,50,000
General reserve 2		61,500
P/L a/c		60,000
Money at call and short notice 7	22,500	8,89,500
Deposits 3	30,000	
Cash in hand 6	45,000	
Cash with RBI 6		90,000
Borrowings 4		24,000
Bills payable 5		10,500
Staff security deposit 5	96,000	
Investment 8	68,400	
Buildings 10	57,000	
Balance with other bank 7	7,95,000	
Cash credit 9	1,18,500	
Interest on deposit and borrowings 13	1,80,000	
Bills purchased 9		15,000
Discount on bill discounted 13 - 5		13,500
Commission and brokerage 14		1,75,500
Interest on loans 13		8,700
Income from investment 13	72,000	
Salary and other exp 14	5,100	
Audit fees 16	6,300	
Postage, printing and stationary 16		

Depreciation on assets	-16	2,400	
		14,98,200	14,98,200

Adjustments :

- Provide 10,000 for rebate on bill discounted
- Bills for collection 1,50,000 and endorsement 1,40,000
- Provide income tax at 40% of net profits.

12. Following is the trial balance of City Bank Ltd as on 31/3/2017

Particulars	Dr	Cr
Share capital: 2000 Eq sh of 500 each at RS.150 paid up		3,00,000
Bad debts written off 17	12,500	
Reserve fund investment 8	2,00,000	
General expenses 16	69,500	
Current accounts 3		20,00,000
Interest paid on deposit 15	16,000	
Deposit a/c 3		7,00,000
P/L a/c		25,000
Acceptance for customers 12	1,50,000	
Discount received 13		58,000
Endorsement and guarantee 10	7,500	
Commission and exchange 14		5,000
Cash on hand 6	25,000	
Interest received 13		25,000
Cash with RBI 6	2,00,000	
Endorsement and guarantee 12		7,500
Owings by foreign correspondents 11	20,000	
Customers liability for acceptance 12		1,50,000
Borrowings from bank Owings by foreign correspondents		6,50,000
Loans and advances 9	15,50,000	
Investments 8	10,00,000	
Bills discounted 9	6,50,000	
Premises 10	2,20,000	
Statutory reserve → 2		2,00,000
	41,20,500	41,20,500

- Inferim dividend paid during the year 20,000 - 13 → P&L
- Provide for rebate on bills discounted 6,000 and for Income tax 15,000

13. The following is the trial balance of Canara Bank Ltd as on 31/3/17

	Dr	Cr
Subscribed capital		20,00,000
Reserve fund 2		6,00,000
Loans, cash credit 9	59,40,000	
Premises 10	2,00,000	
Indian Govt securities 8	12,00,000	
Current deposits 3		44,00,000

Fixed deposits 3		5,00,000
Savings bank deposit 3		2,00,000
Salaries 16	1,12,000	
General expenses 16	1,09,600	
Rent and taxes 16	9,200	
Director fees 16	7,200	
P/L a/c as on 1.4.16 +		64,000
Interest and discount 13		5,12,000
Telegraphic Transfer 5		2,00,000
Circular notes 5		1,00,000
Branch adjustment -> 5		1,00,000 -> Cr
Stock of stationary -> 11	34,000	
Bills purchased and discounted - 9	1,84,000	
Interim dividend -> 5 -> Paid	68,000	
Recurring deposits - 3		80,000
Shares -> 3 8	2,00,000	
Cash in hand and with RBI 6	3,72,000	
Money at call and short notice 7	3,20,000	
	87,56,000	87,56,000

1. Provide for doubtful debts Rs. 15,000 5 -> contingent
2. Interest accrued on investment Rs. 20,000 13 -> 11
3. Unexpired discount 1,200 5 -> 13 Rebate
4. Endorsement on behalf of customer 2,00,000 12
5. Premises added during the year 20,000 (+) 10
6. Depreciate premises at 5% on opening balance -> 16 & 10(-)

Prepare Bank final a/c

14. The following is the trial balance of Indian Bank Ltd as on 31/3/17 prepare Bank final a/c

	Dr	Cr
Issued and paid up capital 1		15,00,000
P/L a/c balance as on 1.4.16 -		40,000 Profit
Fixed deposits 3		26,00,000
Saving bank a/c 3		21,00,000
Current a/c 3		34,00,000
Commission 14		1,02,000
Bills payable 5		1,00,000
Interest and discount 13		6,00,000
Investment reserve 2		25,000
Reserve fund 2		3,10,000
Investment in Govt securities 8	5,75,000	
Cash in hand and with RBI 6	7,00,000	
Deposit with other banks 7	12,45,000	
Money at call and short notice 7	4,00,000	
Loans, advances and overdraft 9	74,00,000	
Furniture 10	45,000	

Buildings 10	2,00,000	
Salaries and allowances to staff 16	85,000	
Interest on deposits and borrowings 15	1,75,000	
Unexpired insurance 11 - 13	450	
Stamps in hand 11	150	
Contribution to provident fund 16	18,400	
Director's fees 16	4,500	
Audit fees 11	1,500	
Printing and stationary 11	3,550	
Rent, rates and taxes 16	6,450	
Postage and telegram 11	800	
Branch adjustment 6 - 5		25,000
Pension fund - 5		58,800
	1,08,60,800	1,08,60,800

1. Market value of investment as on 31/3/17 was 5,48,000. The investment were written down to this figure 2,000 - 14
2. Provide for taxation 75,000, provide for doubtful debts 50,000 → Bad
3. Rebate on bills discounted 25,000 ← 13
4. Acceptance, endorsement and other obligation 2,50,000 - 12
5. Depreciation building at 2 1/2% - 16,510

15. From the following information relating to Laxmi Bank Ltd prepare bank final a/c

Share capital 1	2,00,000
Statutory Reserve Fund ( fully invested in 5% Govt securities at par) 2	1,20,000
Bad debts 10	12,875
Establishment Exp 16	1,27,725
Current deposits 3	13,65,227
Interest paid 15	7,48,440
Savings a/c 3	17,20,000
Acceptance for customers 12	47,500
Discount 13	4,95,000
P/L a/c (Cr) (1.4.17) →	8,20,400
Fixed deposits 3	8,75,000
Commission 14	2,92,900
Premises 10	4,80,000
Cash in hand 6	22,650
Interest received 13	12,86,400
Investment in shares ( market value 2,00,000) 8	92,500
Cash with Banks in India 6 7	2,84,500
Term loan in India 8	10,00,000
Cash credit hypothecation in India 9	12,56,000
Bills purchased 9	16,00,000
Loans to employees for purchase of scooters 9	40,770
Salaries, Allowance, Bonus, Provident fund 16	4,45,467

Trial balance :

Dividend paid for 2016-17 → P&L	20,000
Dividend received on investment	8,000

- The chief executive of the bank drew a remuneration of 48,000 which is included in salaries, allowances etc
  - Unexpired discount as on 31/3/17 47000 → P&L
  - An advance of Rs. 8000 included in cash credit hypothecation above is considered doubtful and needs to be fully provided for. P&L → 5
  - Provide for taxation at 55% of 2016-2017 profit plus surcharge in 5% thereon. CAS
  - Make necessary appropriation for statutory reserve.
16. From the following balances of Vinayaka Bank Ltd., Bangalore as on 31<sup>st</sup> march 2017 prepare the profit and loss for the year ended 31<sup>st</sup> March 2017 and balance sheet as on the date

Particulars:	(Rs.)
Equity share capital in Rs. 100 shares 1	20,00,000
P/L a/c as on 1/4/16	80,666
Current a/c deposit 3	68,25,658
Fixed Deposit a/c 3	77,91,108
Saving Bank deposit 5	51,36,000
Directors fees 16	9,960
Audit fees 16	2,000
Furniture (cost 1,00,000) 10	72,580
Interest and discount 13	4,20,446
Commission 14	2,04,000
Investment Reserve Fund 2	70,000 → 13,750
Branch adjustment (Cr) 5	93,788
Postage and telegram 16	2,312
Printing and stationery 16	6,780
Rent and taxes 16	17,014
Provident fund contribution 16	20,000
Salaries and allowances 16	1,04,300
Building (cost Rs 6,00,000) 10	4,10,000
Law charges 16	3,300
Cash in hand and with RBI 1	16,32,648
Cash with other banks 7	24,10,250
Loans, cash credit and overdraft 9	1,40,00,000
Bills discounted 9	28,01,040
Unexpired insurance 5	874
Stamps in hand 11	378
Statutory Reserve Fund 2	1,30,000
Reserve fund 2	4,00,000
Contingency Reserve 7	1,00,000
Investment 8	17,56,250

1. The authorized capital consists of 40,000 equity shares of Rs. 100 each of which have been subscribed but only 50% has been called up
2. The bank has accepted 4,00,000 worth bills on behalf of customers the securities lodged against which amount to Rs 6,00,000
3. Provide depreciation on building 16,000 and on furniture 7,000; Provide for doubtful debts 3,980
4. Rebate on bill discounted to 11,800
5. The market value of investment amounted to 17,00,000 show investment of its market value

17. Following is the Trial balance of Axes bank ltd as on 31/3/17

	Dr	Cr
Interest and discount		2,60,000
Share capital		6,00,000
Reserve fund		3,00,000
Deposits		8,00,000
Telegraphic transfer		2,00,000
Traveler letter of credit		3,00,000
Gift cheque		60,000
Pension fund		1,00,000
Borrowings from bank		75,000
Unclaimed dividend		25,000
Rent		20,000
Commission		50,000
P/L a/c as on 1/4/16		40,000
Bills payable		10,000
Buildings	2,50,000	
Money at call and short notice	2,75,000	
Furniture	40,000	
Cash in hand	2,75,000	
Cash at bank	3,25,000	
Investment	1,75,000	
Loan, cash credit, overdraft	11,40,000	
Interest on deposit	1,75,000	
Audit fees	10,000	
Salaries	50,000	
Director fees	5,000	
Printing and stationary	5,000	
Depreciation	7,500	
Non Banking Asset	1,00,000	
Other Expenditure	7,500	

1. Provide 5,000 for rebate on bills discounted.
2. Bills for collection amounted to 10,500
3. Provide 1,250 for bad debts

4. Provide 2,500 for income tax
  5. Liabilities on bills rediscounted 7,500
  6. Liabilities outstanding on forward exchange contract 3,000
  7. Directors propose 5% dividend on share capital  
Prepare Bank final a/c
18. Following is the Trial balance of Modern bank Ltd as on 31/3/17

	Dr	Cr
Premises		
Money at call and short notice	2,10,000	
Furniture	2,50,000	
Cash in hand	25,000	
Cash at bank	2,50,000	
Investment	3,00,000	
Loan and cash credit	1,50,000	
Interest on deposit	11,23,500	
Audit fees	1,50,000	
Salaries	5,000	
Director fees	40,000	
Printing and stationary	2,500	
Depreciation	2,500	
Non Banking Asset	5,000	
Other expenditure	25,000	
Interest and discount	1,500	
Share capital		2,50,000
Reserve fund		5,00,000
Deposits		2,50,000
Telegraphic transfer		7,50,000
Traveler letter of credit		2,50,000
Pay order and gift cheques		2,50,000
Pension fund		50,000
Borrowings from banks		75,000
Unclaimed dividend		50,000
Rent		30,000
Commission received		10,000
P/L a/c		40,000
Bills payable		30,000
		5,000
	25,40,000	25,40,000

1. Provide 2,500 for rebate on bills discounted
2. Liabilities on bills rediscounted 5,000
3. Bills for collection amounted to 1,50,000
4. Provide 500 for bad debts
5. Provide for income tax 2,000
6. Directors proposed dividend 5% on share capital

7. Liabilities outstanding on forward exchange contract 2,500

19. Indian bank ltd presents its ledger balances on 31/3/17.

Loans 9	4,00,000
Cash credit 91	1,00,000
Overdraft 9	70,000
Premises 16	1,00,000
Investment 8	8,00,000
Salaries 16	56,000
General exp 16	54,800
Rent, Rates and taxes 16	4,600
Directors fess 16	3,600
Stock of stationary 11	17,000
Bills purchased 9	92,000
Cash in hand 6	2,00,000
Cash with RBI 6	1,86,000
Money at call 7	1,60,000
Share capital 1	10,00,000
Reserve fund 2	5,00,000
Current a/c 3	2,00,000
Fixed deposit 3	2,50,000
SB a/c 3	50,000
Cash certificates 3	50,000
P/L a/c as on 1/4/16 →	32,000
Interest and discounts 13	2,56,000
Interim Dividend →	34,000
Shares in company 1	1,00,000
Recurring deposits 3	40,000

- bad 1. Provide for doubtful debts 10,000 → 5 → 000
2. Interest receivable on investment 16,000 → 13 → 81
3. Unexpired discounts 760 → 5 → 13
4. Interim dividend declared was 4% actual →
5. Endorsement and guarantee 2,00,000 12
6. Additions made to premises during the year 20,000 (4)
7. Depreciate premises at 5% on opening balance (→)

Prepare P/L a/c and Balance sheet of the bank

20. shri Rangam Bank Ltd requires you to prepare P/L a/c and Balance sheet as on 31<sup>st</sup> mar 2017 from the following details (BU 2017)

	Dr	Cr
Share capital(10000 Eq sh of 100 each)		10,00,000
Reserve fund 2		5,00,000
Loans, cash credit and overdrafts 9	5,70,000	
Premises 16	1,00,000	

Investment in Govt securities 8		
Current deposits 3	8,00,000	
Fixed deposits 3		2,00,000
Saving Bank deposits 3		2,50,000
Salary to staff 16		1,00,000
Directors fees 16	56,000	
Rent, Rates and Taxes 14	3,600	
General exp 11	4,600	
P/L a/c on 1/4/16 -	54,800	
Interest and discounts 13		32,000
Stationary 16		2,56,000
Bills purchased and discounted 9	17,000	
Interim dividend paid -	92,000	
Recurring deposits 3	34,000	
Shares - 8		40,000
Cash in hand and with RBI - 6	1,00,000	
Money at call and short notice - 7	3,86,000	
	1,60,000	
	23,78,000	23,78,000

1. Endorsements made on behalf of customers totaled to 1,15,000 → 13
2. Unexpired discount amounted to 380 → 13
3. Interest accrued on investments 8,000 → 13

21. From the following Trial balance of Andra Bank Ltd prepare P/L a/c for the year ending 31/3/14 and Balance sheet on that date  
(BU 2014)

	Dr.	Cr.
Paid up capital 1		10,00,000
Money at call and short notice 7	4,00,000	
Reserve fund 2		2,50,000
Cash on hand 2	5,00,000	
Cash with RBI 6	2,00,000	
Fixed deposits 3		12,00,000
Loans, cash credit 9	15,00,000	
Investment 8	2,00,000	
Borrowings from city Bank 4		3,00,000
Pension fund 5		1,00,000
Unclaimed dividend → 5		50,000
Furniture less depreciation (→) 10	80,000	
Premises less depreciation (→) 10	3,20,000	
Rent → 10 → Cr 50,000		10,000
Interest and discounts 13		6,00,000
Commission received 14		60,000
Salaries and allowances 16	90,000	
Interest on deposits 15	3,10,000	
Audit fees 16	8,000	
Directors fees 16	7,000	
Depreciation on Bank property (→) 16	9,000	

Printing and stationary 16	4,000	
Other exp 16	2,000	
P/L a/c 1/4/13 →		60,000
	36,30,000	36,30,000

1. Provide 5,000 for Rebate on bills discounted → 5 - 130
2. Provide 22,000 for bad debts → con → 5.
3. Bills for collection on behalf of customers \$ 50,000 → 12
4. Provide for taxation 4,000 → tax 5 + con

22. From the following particulars prepare P/L a/c for the year ended 31/3/15 and Balance sheet as on that date of Barnali Bank Ltd (BU 2015)

	Dr	Cr
Share capital : 1,00,000 shares of Rs 10 each , Rs 5 paid up 1		5,00,000
Reserve fund 2		10,00,000
Fixed deposits 3		20,00,000
SB deposits 3		30,00,000
Current a/c 3		70,00,000
Borrowings from other banks 4		2,00,000
Investments 8	30,00,000	
Premises 10	12,00,000	
Cash in hand 6	60,000	
Cash at bank 6	28,00,000	
Money at call and short notice 7	3,00,000	
Interest accrued and paid 15	2,00,000	
Salaries 16	80,000	
Rent 4	30,000	
P/L a/c 1/4/14 →		1,60,000
Interest earned 13		4,50,000
Bills discounted 9	5,00,000	
Bills payable 5		8,00,000
Loans, advances, overdraft 9	70,00,000	
Unclaimed dividend 5		30,000
Sundry creditors 5		30,000
	1,51,70,000	1,51,70,000

The bank had the bills for Rs 14,00,000 as collection for its constituents and also , acceptances and endorsement for them amounting to Rs 4,00,000

12

23. From the following trial balance of Pavan Bank Ltd prepare P/L a/c for the year ended 31/3/15 and BS as on that date (BU 2016)

	Dr	Cr
Share capital (50,000 Eq sh capital of 10 each) 1		5,00,000
Reserve fund 2		2,50,000
Loans, cash credit and overdraft 9	2,85,000	
Premises 10	50,000	
Investment in govt securities 9	6,00,000	

Current deposits 3		3,00,000
Fixed deposits 3		1,25,000
SB deposits 3		50,000
Salary to staff 16	30,000	
Directors fees 16	1,800	
Rent, Rates and taxes 16	2,300	
P/L a/c on 1/4/14 →		16,000
Interest and discounts 13		1,30,000
General exp 16	27,400	
Stationary 16	8,500	
Bills purchased and discounted 9	50,000	
Recurring deposits 3		24,000
Interim dividend →	17,000	
Shares 8	50,000	
Cash in hand with RBI 6	1,93,000	
Money at call and short notice 7	80,000	
	13,95,000	13,95,000

1. Endorsement made on behalf of customers 57,500 12
2. Unexpired discount 335 → 13(-) +5
3. Interest accrued on investment 4,000 13 +11 →

24. Following is the trial balance of ABC bank Ltd as on 31/3/17

	Dr	Cr
Subscribed capital 50,000 eq-sh of 10 each 1		5,00,000
Reserve fund 2		2,50,000
Loans, cash credit, and overdraft 9	2,85,000	
Premises 10	50,000	
Indian Govt securities 8	4,00,000	
Current deposit 3		1,00,000
Fixed deposit 3		1,25,000
Saving bank deposit 3		50,000
Salaries 16	28,000	
General exp 16	27,400	
Rent, rates and taxes 14-19	2,300	
Directors fees 16	1,800	
P/L a/c as on 1/4/17 →		16,000
Interest and discount 13		1,28,000
Stationary and stamps (stock of) 11	8,500	
Bill purchased and discounted 9	46,000	
Interim dividend paid →	17,000	
Recurring deposits 3		20,000
Shares 8	50,000	
Cash in hand and with RBI 6	1,93,000	
Money at call and short notice 7	80,000	
	11,89,000	11,89,000

1. provision for bad and doubtful debts required is 5,000  
= 5 → verified

2. interest accrued on investment is 8,000 - 13-11
3. unexpired discount amounts to 380 → 5-13
4. interim dividend declared was 4% actual → 5-16
5. 10,000 were added to the premises during the year. Provide 10% depreciation on opening balance 16-10
6. Endorsement made on behalf of customers totalled 1,15,000 12
7. Market value of Govt of India securities was 3,90,000 8

Prepare P/L a/c for the year ended 31/3/17 and Balance sheet as at that date in prescribed form.

40,00,000  
- 390,000  
-----  
10,000

The Third Schedule  
(See Section 29)  
Form 'A'  
Form of Balance Sheet

Balance Sheet of ..... (here enter name of the Banking company)  
Balance Sheet as on 31st March (year)

	Schedule	As on 31.3... (Current year)	As on 31.3... (Previous year)
Capital & Liabilities			
Capital	1		
Reserve & Surplus	2		
Deposit	3		
Borrowings	4		
Other liabilities and provisions	5		
<b>TOTAL</b>			
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6		
Balances with banks and money at call and short notice	7		
Investments	8		
Advances (100M)	9		
Fixed Assets	10		
Other Assets	11		
<b>TOTAL</b>			
Contingent liabilities	12		
Bills for collection			

SCHEDULE I-CAPITAL

	As on 31.3... (Current year)	As on 31.3... (Previous year)
I. FOR NATIONALISED BANKS		
Capital (fully owned by Central Government)		
II. FOR BANKS INCORPORATED OUTSIDE INDIA		
Capital		
(i) (The amount brought by banks by way of start-up capital as prescribed by RBI should be shown under this head)		
(ii) Amount of deposit kept with the RBI under Section 11(2) of the Banking Regulation Act, 1949.		
<b>TOTAL</b>		

III. FOR OTHER BANKS		
Authorised Capital (... Shares of ₹ each)		
Issued Capital (... Shares of ₹ each)		
Subscribed Capital (... Shares of ₹ each)		
Called-up Capital (... Shares of ₹ each)		
Less : Calls unpaid		
Add : Forfeited shares		

### SCHEDULE 2-RESERVES & SURPLUS

		As on 31.3... (Current year)	As on 31.3... (Previous year)
I.	Statutory Reserves		
	Opening Balance		
	Additions during the year		
	Deductions during the year		
II.	Capital Reserves		
	Opening Balance		
	Additions during the year		
	Deductions during the year		
III.	Share Premium		
	Opening Balance		
	Additions during the year		
	Deductions during the year		
IV.	Revenue and Other Reserves		
	Opening Balance		
	Additions during the year		
	Deductions during the year		
V.	Balance in Profit and Loss Account		
TOTAL			

### SCHEDULE 3 - DEPOSITS

		As on 31.3... (Current year)	As on 31.3... (Previous year)
A.I.	Demand Deposits		
	(i) From Banks		
	(ii) From others		
II.	Savings Bank Deposits		
III.	Term Deposits		
	(i) From banks		

(ii) From others		
TOTAL		
B. (i) Deposits of branches in India		
(ii) Deposits of branches outside India		
TOTAL		

SCHEDULE 4 - BORROWINGS

	As on 31.3... (Current year)	As on 31.3... (Previous year)
I. Borrowings in India		
(i) Reserve Bank of India		
(ii) Other banks		
(iii) Other institutions and agencies		
II. Borrowings outside India		
TOTAL		
Secured borrowings in I & II above ₹		

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

	As on 31.3... (Current year)	As on 31.3... (Previous year)
I. Bills payable		
II. Inter-office adjustments (net)		
III. Interest accrued		
IV. Others (including provisions)		
TOTAL		

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

	As on 31.3... (Current year)	As on 31.3... (Previous year)
I. Cash in hand (including foreign currency notes)		
II. Balances with Reserve Bank of India		
(i) In Current Account		
(ii) In other Accounts		
TOTAL		

**SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE**

	As on 31.3... (Current year)	As on 31.3... (Previous year)
<b>I. In India</b>		
(i) Balances with banks		
(a) in Current Accounts		
(b) in Other Deposit Accounts		
(ii) Money at call and short notice		
(a) With banks		
(b) With other institutions		
<b>TOTAL</b>		
<b>II. Outside India</b>		
(i) in Current Accounts		
(ii) Money at call and short notice		
<b>TOTAL</b>		
<b>GRAND TOTAL</b>		

**SCHEDULE 8 - INVESTMENTS**

	As on 31.3... (Current year)	As on 31.3... (Previous year)
<b>I. Investments in India in</b>		
(i) Government securities		
(ii) Other approved securities		
(iii) Shares		
(iv) Debenture and Bonds		
(v) Subsidiaries and/or joint ventures		
(vi) Others (to be specified)		
<b>TOTAL</b>		
<b>II. Investments outside India in</b>		
(i) Government securities (Including local authorities)		
(ii) Subsidiaries and/or joint ventures abroad		
(iii) Other investments (to be specified)		
<b>TOTAL</b>		
<b>GRAND TOTAL</b>		

**SCHEDULE 9 - ADVANCES**

	As on 31.3... (Current year)	As on 31.3... (Previous year)
A. (i) Bills purchased and discounted		
(ii) Cash credits, overdrafts and loans repayable on demand		
(iii) Term loans		
TOTAL		
B. (i) Secured by tangible assets		
(ii) Covered by Bank/Government Guarantees		
(iii) Unsecured		
TOTAL		
C.I. Advances in India		
(i) Priority Sectors		
(ii) Public Sector		
(iii) Banks		
(iv) Others		
TOTAL		
II. Advances outside India		
(i) Due from banks		
(ii) Due from others		
(a) Bills purchased and discounted		
(b) Syndicated loans		
(c) Others		
TOTAL		
GRAND TOTAL (C. I & II)		

**SCHEDULE 10 - FIXED ASSETS**

	As on 31.3... (Current year)	As on 31.3... (Previous year)
I. Premises		
At cost as on 31st March of the preceding year		
Additions during the year		
Deductions during the year		
Depreciation to date		
II. Other fixed articles (including Furniture and Fixture)		
At cost as on 31st March of the preceding year		
Additions during the year		
Deductions during year		
Depreciation to date		
TOTAL		

## SCHEDULE 11 - OTHER ASSETS

	As on 31.3... (Current year)	As on 31.3... (Previous year)
I. Inter-office adjustments (net)		
II. Interest accrued		
III. Tax paid in advance/tax deducted at source		
IV. Stationery and stamps		
V. Non-banking assets acquired in satisfaction of claims		
VI. Others*		
TOTAL		

\*In case there is any unadjusted balance of loss the same may be shown under this item with appropriate footnote.

## \* SCHEDULE 12 - CONTINGENT LIABILITIES

	As on 31.3... (Current year)	As on 31.3... (Previous year)
I. Claims against the bank not acknowledged as debts		
II. Liability for partly paid investments		
III. Liability on account of outstanding forward exchange contracts		
IV. Guarantees given on behalf of constituents		
(a) In India		
(b) Outside India		
V. Acceptances, endorsements and other obligations		
VI. Other items for which the bank is contingently liable		
TOTAL		

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**Form 'B'**  
**Form of Profit & Loss Account**  
**Profit & Loss Account for the year ended 31st March.....**

	Schedule No.	Year ended 31.3.. (Current year)	Year ended 31.3.. (Previous year)
<b>I. INCOME</b>			
Interest earned	13		
Other income	14		
<b>TOTAL</b>			
<b>II. EXPENDITURE</b>			
Interest expended	15		
Operating expenses	16		
Provisions and contingencies			
<b>TOTAL</b>			
<b>III. PROFIT / LOSS</b>			
Net profit / Loss (—) for the year			
Profit / Loss (—) brought forward			
<b>TOTAL</b>			
<b>IV. APPROPRIATIONS</b>			
Transfer to statutory reserves			
Transfer to other reserves			
Transfer to Government/Proposed dividend			
Balance carried over to balance sheet			
<b>TOTAL</b>			

**SCHEDULE 13 - INTEREST EARNED**

	Year ended 31.3.. (Current year)	Year ended 31.3.. (Previous year)
<b>I. Interest/discount on advances/bills</b>		
<b>II. Income on investments</b>		
<b>III. Interest on balances with Reserve Bank of India and other inter-bank funds</b>		
<b>IV. Others</b>		
<b>TOTAL</b>		

**SCHEDULE 14 - OTHER INCOME**

	Year ended 31.3.. (Current year)	Year ended 31.3.. (Previous year)
<b>I. Commission, exchange and brokerage</b>		
<b>II. Profit on sale of investments</b>		
Less: Loss on sale of investments		

III. Profit on revaluation of investments <i>Less: Loss on revaluation of investments.</i>		
IV. Profit on sale of land, buildings and other assets <i>Less: Loss on sale of land, buildings and other assets.</i>		
V. Profit on exchange transactions <i>Less: Loss on exchange transactions</i>		
VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India		
VII. Miscellaneous Income		
TOTAL		

Note : Under items I to V loss figures may be shown in brackets.

SCHEDULE 15 - INTEREST EXPENDED

	Year ended 31.3... (Current year)	Year ended 31.3... (Previous year)
I. Interest on deposits		
II. Interest on Reserve Bank of India/inter-bank borrowings		
III. Others		
TOTAL		

SCHEDULE 16 - OPERATING EXPENSES

	Year ended 31.3... (Current year)	Year ended 31.3... (Previous year)
I. Payments to and provisions for employees		
II. Rent, taxes and lighting		
III. Printing and stationery		
IV. Advertisement and publicity		
V. Depreciation on bank's property		
VI. Directors fees, allowances and expenses		
VII. Auditors' fees, allowances and expenses (including branch auditors)		
VIII. Law Charges		
IX. Postage, Telegrams, Telephones, etc.		
X. Repairs and maintenance		
XI. Insurance		
XII. Other expenditure		
TOTAL		

III A. 8.30 3/10/23 (P)  
 1.3.8. 15. 16. 21. 23. 25  
 32. 47. 46. 48. 49. 52. 56. 63. 64  
 70. 76.