

# Corporate Accounting

## Unit-5 Accounts of Banking Companies

### Part 1

## PREPARATION OF PROFIT & LOSS ACCOUNT

**PROBLEM 1.** From the following particulars, prepare Profit and Loss Account of the Safety Bank for the year ended 31st March, 2018.

|   |  |
|---|--|
| <p>Interest on Deposits <i>Sch 13 Int. earned</i> ₹ ('000) 3,200</p> <p>Commission (Cr.) <i>Sch 14 other income</i> 100</p> <p>Interest on Loans <i>Sch 13 Int. earned</i> 2,490</p> <p>Sundry Charges (Dr.) <i>Sch 16 operating income</i> 100</p> <p>Rent and Taxes <i>Sch 16 operating expenses</i> 200</p> <p>Payment to Employees <i>Sch 16 operating expenses</i> 500</p> | <p>Discount on Bills Discounted <i>Sch 13 Int. earned</i> ₹ ('000) 1,490</p> <p>Interest on Overdrafts <i>Sch 13 Int. earned</i> 1,600</p> <p>Interest on Cash Credits <i>Sch 13 Int. earned</i> 2,320</p> <p>Auditors' Fees <i>Sch 16 operating expenses</i> 35</p> <p>Directors' Fees <i>Sch 16 operating expenses</i> 16</p> <p>Bad Debts to be written off 300</p> |
|---|--|

### SOLUTION

#### THE SAFETY BANK PROFIT & LOSS ACCOUNT for the year ended 31st March, 2018

|   | Schedule No. | Year ended 31-3-2018 |
|---|--------------|----------------------|
| <b>I. Income</b>  |              | ₹ ('000)             |
| Interest Earned   | 13           | 7,900                |
| Other Income  | 14           | 100                  |
|   |              | 8,000                |
| <b>II. Expenditure</b>  |              |                      |
| Interest Expended   | 15           | 3,200                |
| Operating Expenses  | 16           | 851                  |
| Provisions and Contingencies <i>(Bad debts to be written off)</i> |              | 300                  |
|   |              | 4,351                |
| <b>III. Profit/Loss</b>   |              |                      |
| Net Profit for the year   |              | 3,649                |
| Profit brought forward  |              | —                    |
|   |              | 3,649                |

**IV. Appropriations**

Transfer to Statutory Reserve (25% of 3,649)  
 Transfer to Other Reserves  
 Transfer to Govt./Proposed Dividend  
 Balance carried over to Balance Sheet

912.25  
 —  
 —  
 2,736.75  
 3649.0

**Working Notes :****SCHEDULE 13—INTEREST EARNED**

|  | ₹ ('000) |
|--|----------|
| Year ended<br>31-3-2018  |          |
| I. Interest/Discount on Advances/Bills (2,490 + 1,490 + 1,600 + 2,320) | 7,900    |
| II. Income on Investments  | —        |
| III. Interest on Balances with RBI and Other Inter-bank Funds          | —        |
| IV. Others   | —        |
|  | 7,900    |

**SCHEDULE 14—OTHER INCOME**

|                                       | ₹ ('000) |
|---------------------------------------|----------|
| I. Commission, Exchange and Brokerage | 100      |
| II. Lockers Rent                      | —        |
| III. Transfer Fees                    | —        |
|                                       | 100      |

**SCHEDULE 15—INTEREST EXPENDED**

|                         | ₹ ('000) |
|-------------------------|----------|
| I. Interest on Deposits | 3,200    |
|                         | 3,200    |

**SCHEDULE 16—OPERATING EXPENSES**

|                                     | ₹ ('000) |
|-------------------------------------|----------|
| I. Payment to Employees             | 500      |
| II. Rent, Taxes & Lighting          | 200      |
| III. Printing and Stationery        | —        |
| IV. Advertisement & Publicity       | —        |
| V. Depreciation on Bank Property    | —        |
| VI. Directors' Fees                 | 16       |
| VII. Auditors' Fees                 | 35       |
| VIII. Law Charges                   | —        |
| IX. Postage, Telegrams & Telephones | —        |
| X. Repairs and Maintenance          | —        |
| XI. Insurance                       | —        |
| XII. Sundry Charges                 | 100      |
|                                     | 851      |

**PROBLEM 2.** Prepare Profit and Loss Account for the year ended 31st March, 2018, of the Very Sound Bank Ltd. from the following particulars :



|                            |     |                                    |    |
|----------------------------|-----|------------------------------------|----|
| Interest on Loans          | 250 | Discount on Bills Discounted       | 40 |
| Interest on Saving A/cs    | 150 | Rent, Taxes, Insurance & Lighting  | 5  |
| Interest on Cash Credits   | 160 | Commission, Exchange and Brokerage | 15 |
| Interest on Fixed Deposits | 190 | Auditors' Fees and Expenses        | 10 |
| Interest on Overdrafts     | 70  | Directors' Fees and Expenses       | 20 |
| Payment to Employees       | 150 |                                    |    |

**SOLUTION 2**

**THE VERY SOUND BANK**  
**PROFIT & LOSS ACCOUNT**  
for the year ended 31st March, 2018

|   | Schedule No. | Year ended 31-3-2018 |
|---|--------------|----------------------|
| <b>I. Income</b>                          |              |                      |
| Interest Earned                           | 13           | 520                  |
| Other Income                              | 14           | 15                   |
|   |              | 535                  |
| <b>II. Expenditure</b>                    |              |                      |
| Interest Expended                         | 15           | 340                  |
| Operating Expenses                        | 16           | 185                  |
| Provisions and Contingencies              |              | —                    |
|   |              | 525                  |
| <b>III. Profit/Loss</b>                   |              |                      |
| Net Profit for the year                   |              | 10                   |
| Profit brought forward                    |              | —                    |
|   |              | 10                   |
| <b>IV. Appropriations</b>                 |              |                      |
| Transfer to Statutory Reserve (25% of 10) |              | 2.5                  |
| Transfer to Other Reserves                |              | —                    |
| Transfer to Govt./Proposed Dividend       |              | —                    |
| Balance carried over to Balance Sheet     |              | 7.5                  |
|   |              | 10                   |

**Working Notes :**

**SCHEDULE 13—INTEREST EARNED**

|  | Year ended 31-3-2018 |
|--|----------------------|
| <b>I. Interest/Discount on Advances/Bills (250 + 160 + 70 + 40)</b>  | 520                  |
| <b>II. Income on Investments</b>                                     | —                    |
| <b>III. Interest on Balances with RBI and Other Inter Bank Funds</b> | —                    |
| <b>IV. Others</b>  | —                    |
|  | 520                  |

**SCHEDULE 14—OTHER INCOME**

|  | Year ended 31-3-2018 |
|--|----------------------|
| <b>I. Commission, Exchange and Brokerage</b> | 15                   |
| <b>II. Lockers Rent</b>                      | —                    |
| <b>III. Transfer Fees</b>                    | —                    |
|  | 15                   |

### SCHEDULE 15—INTEREST EXPENDED

|                                     | ₹ ('000) |
|-------------------------------------|----------|
| I. Interest on Deposits (150 + 190) | 340      |
|                                     | 340      |

### SCHEDULE 16—OPERATING EXPENSES

|                                     | ₹ ('000) |
|-------------------------------------|----------|
| I. Payment to Employees             | 150      |
| II. Rent, Taxes & Lighting          | 5        |
| III. Printing and Stationery        | —        |
| IV. Advertisement & Publicity       | —        |
| V. Depreciation on Bank Property    | —        |
| VI. Directors' Fees & Expenses      | 20       |
| VII. Audit Fees & Expenses          | 10       |
| VIII. Law Charges                   | —        |
| IX. Postage, Telegrams & Telephones | —        |
| X. Repairs & Maintenance            | —        |
| XI. Insurance                       | —        |
| XII. Sundry Charges                 | —        |
|                                     | 185      |

**PROBLEM 3.** Prepare Profit and Loss Account in respect of the World Bank, incorporated under the Banking Regulation Act from the following balances as on 31st March, 2018. The management decides to make a provision of ₹ 1,00,000 for Bad and Doubtful Debts.

|   | ₹ ('000) | ₹ ('000) |
|---|----------|----------|
| Interest received   |          | 400      |
| Interest paid on Deposits                                 | 210      |          |
| Payment to Employees                                      | 268      |          |
| Commission received                                       |          | 300      |
| Brokerage   |          | 150      |
| Advertising   | 15       |          |
| Printing and Stationery                                   | 48       |          |
| Postage, Telegrams and Telephones                         | 29       |          |
| Interest on Borrowings                                    | 250      |          |
| Director's Fees and Allowances                            | 30       |          |
| Rent  | 40       |          |
| Taxes   | 30       |          |
| Discount  |          | 210      |
| Exchange  |          | 180      |
| Lockers Rent  |          | 110      |
| Transfer Fees   |          | 150      |
| Depreciation Written off on Bank Property                 | 30       |          |
| Audit Fees  | 20       |          |
| Provision for Diminution in the Value of Govt. Securities | 5        |          |
| Misc. Expenses  | 25       |          |
| Balance   | 500      |          |
|   | 1,500    | 1,500    |



**SOLUTION**

**THE WORLD BANK**  
**PROFIT & LOSS ACCOUNT**  
 For the year ended 31st March, 2018

₹ ('000)

|  | Schedule No. | Year ended 31-3-2018 |
|--|--------------|----------------------|
| <b>I. Income</b>                           |              |                      |
| Interest Earned                            | 13           | 610                  |
| Other Income                               | 14           | 890                  |
|  |              | 1,500                |
| <b>II. Expenditure</b>                     |              |                      |
| Interest Expended                          | 15           | 460                  |
| Operating Expenses                         | 16           | 535                  |
| Provisions and Contingencies (100 + 5)     | —            | 105                  |
|  |              | 1,100                |
| <b>III. Profit/Loss</b>                    |              |                      |
| Net Profit for the year                    |              | 400                  |
| Profit brought forward                     |              | —                    |
|  |              | 400                  |
| <b>IV. Appropriations</b>                  |              |                      |
| Transfer to Statutory Reserve (25% of 400) |              | 100                  |
| Transfer to Other Reserves                 |              | —                    |
| Transfer to Govt./Proposed Dividend        |              | —                    |
| Balance carried over to Balance Sheet      |              | 300                  |
|  |              | 400                  |

**Working Notes :****SCHEDULE 13—INTEREST EARNED**

₹ ('000)

|   | Year ended 31-3-2018 |
|---|----------------------|
| I. Interest/Discount on Advances/Bills (400 + 210)            | 610                  |
| II. Income on Investments                                     | —                    |
| III. Interest on Balances with RBI and Other Inter-bank Funds | —                    |
| IV. Others  | —                    |
|   | 610                  |

**SCHEDULE 14—OTHER INCOME**

₹ ('000)

|   |     |
|---|-----|
| I. Commission, Exchange and Brokerage (300 + 180 + 150) | 630 |
| II. Lockers Rent  | 110 |
| III. Transfer Fees                                      | 150 |
|   | 890 |

**SCHEDULE 15—INTEREST EXPENDED**

₹ ('000)

|                            |     |
|----------------------------|-----|
| I. Interest on Deposits    | 210 |
| II. Interest on Borrowings | 250 |
|                            | 460 |

# **SCHEDULE 16—OPERATING EXPENSES**

|                                      | ₹ ('000)   |
|--------------------------------------|------------|
| I. Payment to Employees              | 268        |
| II. Rent, Taxes & Lighting (40 + 30) | 70         |
| III. Printing and Stationery         | 48         |
| IV. Advertisement & Publicity        | 15         |
| V. Depreciation on Bank Property     | 30         |
| VI. Directors' Fees & Allowances     | 30         |
| VII. Audit Fees                      | 20         |
| VIII. Law Charges                    | —          |
| IX. Postage, Telegrams & Telephones  | 29         |
| X. Repairs & Maintenance             | —          |
| XI. Insurance                        | —          |
| XII. Sundry Charges (Misc. Expenses) | 25         |
|                                      | <u>535</u> |

**PROBLEM 4.** From the following information, prepare the Profit and Loss Account of German Bank Ltd. for the year 31st March, 2018 :

|                                 | ₹        |                                 | ₹      |
|---------------------------------|----------|---------------------------------|--------|
| Interest on Loans Sch 13        | 2,56,000 | Directors' Fees 16              | 3,000  |
| Interest on Fixed Deposits 15   | 2,75,000 | Auditors' Fees 16               | 1,200  |
| Commission 14                   | 5,200    | Interest on Savings Bank        |        |
| Establishment 16                | 54,000   | Deposits 15                     | 68,000 |
| Discount on Bills Discounted 13 | 1,46,000 | Postage and Telegrams 16        | 1,400  |
| Interest on Cash Credit 13      | 2,23,000 | Printing and Stationery 16      | 2,900  |
| Interest on Current Accounts 15 | 42,000   | Sundry Charges 16               | 1,700  |
| Rates and Taxes 16              | 18,000   | Income from Investments 13      | 2,000  |
| Interest on Overdrafts 13       | 1,54,000 | Profit on Sale of Investment 14 | 4,000  |

Bad Debts to be written off amounted to ₹ 40,000 provision for taxation may be made @ 55%.

## **SOLUTION**

### **PROFIT AND LOSS ACCOUNT** for the year ending 31st March, 2018

|                                  |    | (₹ in thousands) |                          |
|----------------------------------|----|------------------|--------------------------|
| Particulars                      |    | Schedule Number  | 31-3-2018 (Current Year) |
| <b>I. Income</b>                 |    |                  |                          |
| Interest Earned                  | 13 |                  | 781.00                   |
| Other Income                     | 14 |                  | 9.20                     |
|                                  |    |                  | <u>790.20</u>            |
| <b>II. Expenditure</b>           |    |                  |                          |
| Interest Expended                | 15 |                  | 385.00                   |
| Operating Expenses               | 16 |                  | 82.20                    |
| Provisions and Contingencies     |    |                  | (3) 195.65               |
|                                  |    |                  | <u>662.85</u>            |
| <b>III. Profit/Loss</b>          |    |                  |                          |
| Net Profit/Loss (–) for the year |    |                  | 127.35                   |
| Profit/Loss (–) brought forward  |    |                  | —                        |
|                                  |    |                  | <u>127.35</u>            |



#### IV. Appropriations

Transfer to Statutory Reserve (25% of 127.35)  
Balance Carried over to Balance Sheet

31.84  
95.51  
127.35

#### SCHEDULE 13 : INTEREST EARNED

- I. Interest on Advances and Discount on Bills (1)
- II. Income on Investments

779.00  
2.00  
781.00

#### SCHEDULE 14 : OTHER INCOME

- I. Commission, Exchange and Brokerage
- II. Profit on Sale of Investments

5.20  
4.00  
9.20

#### SCHEDULE 15 : INTEREST EXTENDED

- I. Interest on Deposits (2)

385.00  
385.00

#### SCHEDULE 16 : INTEREST EXPENDED

- I. Payment to and Provision for Employees (Establishment)
- II. Rent, Taxes and Lighting — Rates + 12%
- III. Printing and Stationery
- IV. Directors' Fees, Allowances and Expenses
- V. Auditors' Fees and Expenses
- VI. Postage, Telegrams, Telephones etc.
- VII. Other Expenditure (Sundry Charges)

54.00  
18.00  
2.90  
3.00  
1.20  
1.40  
1.70  
82.20

#### Working Notes :

##### (1) Calculation of Interest and Discount for Schedule No. 13

Interest on Loans  
Interest on Cash Credit  
Interest on Overdrafts  
Discount on Bills Discounted

₹ 000's  
256  
223  
154  
146

*B. Income on Investment*

779

##### (2) Calculation of Interest on Deposits for Schedule No. 15

Interest on Fixed Deposits  
Interest on Current Assets  
Interest on Savings Bank Deposits A/c

₹ 000's  
275  
42  
68  
385

##### (3) Calculation of *Provision for Income Tax*

Total Income  
Less : Interest Expended (Till on deposit)  
Operating Expenses  
Bad Debts

385.00  
82.20  
40.00

₹ 000's  
790.20  
507.20  
283.00

Profit before Tax



∴ Tax @ 55% of ₹ 283 thousand

Bad Debts

Total of Provision & Contingencies

155.65

40.00

195.65

**PROBLEM 5.** From the following information, prepare Profit and Loss Account of the Vasari Bank Ltd. for the period ended on 31st March, 2018. Working should form part of your answer :

|                                  | ₹ ('000) |                                  | ₹ ('000) |
|----------------------------------|----------|----------------------------------|----------|
| Interest on loans                | 300      | Interest on cash credits         | 240      |
| Interest on fixed deposits       | 275      | Interest on saving bank deposits | 87       |
| Commission                       | 10       | Postage, telegrams and stamps    | 10       |
| Exchange and brokerage           | 20       | Printing and stationery          | 20       |
| Salaries and allowances          | 150      | Sundry expenses                  | 10       |
| Discount on bills (gross)        | 152      | Rent                             | 15       |
| Interest on temporary overdrafts |          | Taxes and licences               | 10       |
| in current accounts              | 30       | Audit fees                       | 10       |

**Additional information :**

(i) Rebate on bills discounted ₹ 30,000 ; (ii) Salary of managing director ₹ 30,000 ; (iii) Provision for Bad Debts ₹ 40,000 ; (iv) Provision for income tax is to be made @ 55% (round off to the nearest thousand) ; (v) Interest of ₹ 4,000 on doubtful debts was wrongly credited to interest on loan account ; (vi) Provide ₹ 15,000 as dividend.

**SOLUTION**

**THE VASARI BANK LTD.**  
**PROFIT & LOSS ACCOUNT**  
For the year ended 31st March, 2018

|   |     | Schedule No. | Year ended 31-3-2018 |
|---|-----|--------------|----------------------|
| <b>I. Income</b>                          |     |              |                      |
| Interest Earned                           |     | 13           | 688                  |
| Other Income                              |     | 14           | 30                   |
|   |     |              | 718                  |
| <b>II. Expenditure</b>                    |     |              |                      |
| Interest Expended                         |     | 15           | 362                  |
| Operating Expenses                        |     | 16           | 255                  |
| Provisions and Contingencies              | (1) | —            | 74                   |
|   |     |              | 691                  |
| <b>III. Profit/Loss</b>                   |     |              |                      |
| Net Profit for the year                   |     |              | 27                   |
| Profit brought forward                    |     |              | —                    |
|   |     |              | 27                   |
| <b>IV. Appropriations</b>                 |     |              |                      |
| Transfer to Statutory Reserve (25% of 27) |     |              | 6.75                 |
| Transfer to Other Reserves                |     |              | —                    |
| Transfer to Govt./Proposed Dividend       |     |              | 15.00                |
| Balance carried over to Balance Sheet     |     |              | 5.25                 |
|   |     |              | 27.00                |

|                    |   |                |
|--------------------|---|----------------|
| Working Note (1) : | Provision for Bad Debts                       | ₹ 40 thousands |
|                    | Provision for Tax                             |                |
|                    | (55% of 61 thousands i.e., Profit before tax) | ₹ 34 thousands |
|                    | Provisions and Contingencies                  | ₹ 74 thousands |

Working Notes :

### SCHEDULE 13—INTEREST EARNED

₹ ('000)

|  | Year ended<br>31-3-2018 |
|--|-------------------------|
| I. Interest/Discount on Advances/Bills (300 + 30 + 240 + 152 – 30 – 4) | 688                     |
| II. Income on Investments  | —                       |
| III. Interest on Balances with RBI and Other Inter-bank Funds          | —                       |
| IV. Others   | —                       |
|  | 688                     |

### SCHEDULE 14—OTHER INCOME

₹ ('000)

|   |    |
|---|----|
| I. Commission, Exchange and Brokerage (10 + 20) | 30 |
| II. Lockers Rent                                | —  |
| III. Transfer Fees                              | —  |
|   | 30 |

### SCHEDULE 15—INTEREST EXPENDED

₹ ('000)

|                                    |     |
|------------------------------------|-----|
| I. Interest on Deposits (275 + 87) | 362 |
|                                    | 362 |

### SCHEDULE 16—OPERATING EXPENSES

₹ ('000)

|  |     |
|--|-----|
| I. Payment to Employees                                      | 150 |
| II. Rent, Taxes & Lighting                                   | 15  |
| III. Printing and Stationery                                 | 20  |
| IV. Advertisement & Publicity                                | —   |
| V. Depreciation on Bank Property                             | —   |
| VI. Directors' Fees (Salary of Managing Director)            | 30  |
| VII. Audit Fees  | 10  |
| VIII. Law Charges  | —   |
| IX. Postage, Telegrams & Telephones                          | 10  |
| X. Sundry Charges (Sundry Expenses 10 + Taxes & Licences 10) | 20  |
|  | 255 |

**PROBLEM 6.** Following figures are extracted from the books of K. Bank Ltd. as on 31-3-2018 :

|                                | ₹ (000) |                                   | ₹ (000) |
|--------------------------------|---------|-----------------------------------|---------|
| Interest and discount received | 4,060   | Rent paid                         | 108     |
| Interest paid on deposits      | 2,404   | Stationery                        | 48      |
| Capital                        | 1,000   | Postage                           | 40      |
| Commission and exchange        | 180     | Audit fee                         | 8       |
| Rent received                  | 60      | Depreciation on Bank's properties | 25      |



Profit on sale of investment

190 Director's fee

34

Salaries

210 Preliminary Expenses

10

Further information :

(a) A customer to whom a sum of ₹ 5,00,000 has been advanced has become insolvent and 40% recovered from his estate, (b) Provision for bad and doubtful debts necessary ₹ 1,00,000, (c) Rebate on bill discounted as on 31-3-2017, ₹ 10,000 and Rebate on bills discounted as on 31-3-2018, ₹ 15,000, (d) Provide ₹ 7,00,000 for income-tax, (e) The directors desire to declare 10% dividend. (f) Write off all preliminary expenses.

Prepare Profit & Loss A/c in accordance with law.

## SOLUTION

### K. BANK LTD. PROFIT & LOSS ACCOUNT for the year ended 31st March, 2018

|  | Schedule No. | Year ending 31st March 2018 |
|--|--------------|-----------------------------|
| 1. <b>Income</b>   |              |                             |
| Interest Earned  | 13           | ₹ 40,55,000                 |
| Other Income   | 14           | 4,30,000                    |
|  | Total        | 44,85,000                   |
| 2. <b>Expenditure</b>  |              |                             |
| Interest Expended  | 15           | 24,04,000                   |
| Operating Expenses   | 16           | 4,73,000                    |
| Provision for Contingencies ₹ 4,00,000 (i.e. 60% of ₹ 5,00,000 + ₹ 1,00,000) + ₹ 7,00,000 (Provision for Income Tax) |              | 11,00,000                   |
|  | Total        | 39,77,000                   |
| 3. <b>Profit/Loss</b>  |              |                             |
| Net Profit/Loss (–) for the year   |              | 5,08,000                    |
| Profit/Loss (–) Brought Forward  |              | –                           |
|  | Total        | 5,08,000                    |
| 4. <b>Appropriations</b>   |              |                             |
| Transfer to Statutory Reserve (25% of Net Profit)  |              | 1,27,000                    |
| Transfer to Other Reserves   |              | –                           |
| Proposed Dividend (10% on ₹ 10,00,000)   |              | 1,00,000                    |
| Balance carried over to Balance Sheet  |              | 2,81,000                    |
|  | Total        | 5,08,000                    |

### SCHEDULE 13—INTEREST EARNED

|   |             |
|---|-------------|
| 1. Interest on Advances/Discount on Bills (₹ 40,60,000 + ₹ 10,000 – ₹ 15,000) | ₹ 40,55,000 |
| 2. Income on Investments  | –           |
| 3. Interest on Balances with RBI and other Inter-Bank Funds                   | –           |
| 4. Others   | –           |
| Total   | 40,55,000   |

**SCHEDULE 14—OTHER INCOME**

|                                       | ₹               |
|---------------------------------------|-----------------|
| 1. Commission, Exchange and Brokerage | 1,80,000        |
| 2. Rent Received                      | 60,000          |
| 3. Profit on Sale of Investment       | 1,90,000        |
| <b>Total</b>                          | <b>4,30,000</b> |

**SCHEDULE 15—INTEREST EXPENDED**

|  | ₹                |
|--|------------------|
| 1. Interest on Deposits                  | 24,04,000        |
| 2. Interest on RBI/Inter Bank Borrowings | —                |
| 3. Others                                | —                |
| <b>Total</b>                             | <b>24,04,000</b> |

**SCHEDULE 16—OPERATING EXPENSES**

|  | ₹               |
|--|-----------------|
| 1. Payments to Provision for Employees     | 2,10,000 ✓      |
| 2. Rent, Taxes and Lighting                | 1,08,000 ✓      |
| 3. Printing and Stationery                 | 48,000 ✓        |
| 4. Advertisement and Publicity             | —               |
| 5. Depreciation on Bank's Property         | 25,000 ✓        |
| 6. Director's Fees, Allowance and Expenses | 24,000 3/4      |
| 7. Auditor's Fees and Expenses             | 8,000 ✓         |
| 8. Law Charges                             | —               |
| 9. Postage, Telegrams, Telephone, etc.     | 40,000 ✓        |
| 10. Repairs and Maintenance                | —               |
| 11. Insurance                              | —               |
| 12. Preliminary Expenses                   | 10,000          |
| <b>Total</b>                               | <b>4,73,000</b> |

**PROBLEM 7.** How will you disclose the following Ledger balances in the Final Accounts of DVD bank :

|   | (₹ in lakhs) |
|---|--------------|
| Current Accounts ∇ 700-250                    | 700          |
| Saving Accounts ∇                             | 500          |
| Fixed Deposits ∇                              | 700          |
| Cash Credits (doubtful for more than 5 years) | 600          |
| Term Loans                                    | 500          |
| Bills Discounted and Purchased                | 800          |

**Additional Information :**

- Included in the current accounts ledger are accounts overdrawn to the extent of ₹ 250 lakhs.
- One of the cash credit account of ₹ 10 lakhs (including interest ₹ 1 lakh) is doubtful.
- 60% of term loans are secured by government guarantees, 20% of cash credits are unsecured, other portion is secured by tangible assets.



**SOLUTION****RELEVANT SCHEDULES (FORMING PART OF THE BALANCE SHEET) OF DVD BANK****SCHEDULE 3 : DEPOSITS**

|                                | ₹ in lakhs |
|--------------------------------|------------|
| A. Demand Deposits (700 – 250) | 450        |
| B. Saving Bank Deposits        | 500        |
| C. Term Deposits               | 700        |
|                                | 1,650      |

**SCHEDULE 9 : ADVANCES**

|  | ₹ in lakhs |
|--|------------|
| A. (i) Bills Discounted and Purchased                  | 800        |
| (ii) Cash Credits and Overdrafts (600 + 250)           | 850        |
| (iii) Term Loans                                       | 500        |
|  | 2,150      |
| B. (i) Secured by Tangible Assets (Bal. Fig.)          | 1,730      |
| (ii) Secured by Bank/Government Guarantees (500 × 60%) | 300        |
| (iii) Unsecured (600 × 20%)                            | 120        |
|  | 2,150      |

**SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS**

|                                      | ₹ in lakhs |
|--------------------------------------|------------|
| Other (Provision for Doubtful Debts) | 10         |

**PROFIT AND LOSS ACCOUNT (AN EXTRACT)**

|                                      | ₹ in lakhs |
|--------------------------------------|------------|
| Less : Provision for Doubtful Debts* | 10         |

\*Note : It is assumed that the cash credit has been in 'doubtful' category for more than three years.

**PROBLEM 8.** On the basis of the following information of Hi-Tech. Bank Ltd. for the period ended 31st March, 2018; prepare—

- (i) Schedule 13—Interest Earned.
- (ii) Schedule 14—Other Income.

|   | ₹ in '000 |
|---|-----------|
| (i) Interest and Discount                               | 17,060    |
| (ii) Interest on Balances with RBI                      | 60        |
| (iii) Income on Investments                             | 4,720     |
| (iv) Profit on Exchange Transactions                    | 1,460     |
| (v) Loss on Sale of Investments                         | 100       |
| (vi) Profit on Sale of Investments                      | 540       |
| (vii) Commission, Exchange and Brokerage                | 3,040     |
| (viii) Profit on Sale of Land, Buildings & Other Assets | 1,680     |

**SOLUTION**

(i)

**SCHEDULE 13—INTEREST EARNED**

|   | Year ended<br>31-3-2018 |
|---|-------------------------|
| I. Interest/Discount on /Advances/Bills | ₹ in '000               |
| II. Income on Investments               | 17,060                  |
| III. Interest on Balances with RBI      | 4,720                   |
| IV. Others                              | 60                      |
|   | —                       |
|   | 21,840                  |

(ii)

**SCHEDULE 14—OTHER INCOME**

|  | Year ended<br>31-3-2018 |
|--|-------------------------|
| (i) Commission, Exchange and Brokerage                   | ₹ in '000               |
|  | 3,040                   |
| (ii) Profit on Sale of Investments                       | ₹ in '000               |
| Less : Loss on Sale of Investment                        | 540                     |
|  | 100                     |
| (iii) Profit on Sale of Land, Buildings and Other Assets | 440                     |
| (iv) Profit on Exchange Transactions                     | 1,680                   |
|  | 1,460                   |
|  | 6,620                   |

**REBATE ON BILLS DISCOUNTED**

**PROBLEM 9.** Given below is an extract from the Trial Balance of a Bank as on March 31, 2018 :

|  | Dr.<br>₹ ('000) | Cr.<br>₹ ('000) |
|--|-----------------|-----------------|
| Bills discounted   | 1,264           |                 |
| Rebate on bills discounted (or unexpired discount)<br>on April 1, 2017 |                 | 8               |
| Discount received  |                 | 85              |

An analysis of the bills discounted as shown above shows the following :

| Amount   | Due Date | Rate of Discount |
|----------|----------|------------------|
| ₹        | 2018     | % p.a.           |
| 1,40,000 | June 4   | 5                |
| 4,36,000 | June 10  | 4.5              |
| 2,82,000 | June 24  | 6                |
| 3,80,000 | July 5   | 4                |

Find out the amount of discount to be credited to Profit and Loss Account and pass appropriate Journal Entries for the same. How the relevant items will appear in Bank's Balance Sheet ?



**SOLUTION****CALCULATION OF UNEXPIRED DISCOUNT**

| Due Date of Bill | No. of Days after 31st March | Amount ₹ | Rate of Discount % p.a. | Total Annual Discount ₹ | Proportionate Discount for Days after 31st March ₹       |
|------------------|------------------------------|----------|-------------------------|-------------------------|--|
| 2018             |                              |          |                         |                         |  |
| June 4           | 65                           | 1,40,000 | 5                       | 7,000                   | 1,246 $\left( i.e. 7,000 \times \frac{65}{365} \right)$  |
| June 10          | 71                           | 4,36,000 | 4.5                     | 19,620                  | 3,816 $\left( i.e. 19,620 \times \frac{71}{365} \right)$ |
| June 24          | 85                           | 2,82,000 | 6                       | 16,920                  | 3,940 $\left( i.e. 16,920 \times \frac{85}{365} \right)$ |
| July 5           | 96                           | 3,80,000 | 4                       | 15,200                  | 3,998 $\left( i.e. 15,200 \times \frac{96}{365} \right)$ |
|                  |                              |          |                         |                         | <u>13,000</u>  |

**DISCOUNT ACCOUNT**

| 2018     |                                 | ₹             | 2018     |                                   | ₹             |
|----------|---------------------------------|---------------|----------|-----------------------------------|---------------|
| March 31 | To Unexpired Discount 31-3-2018 |               | March 31 | By Sundries                       |               |
| " 31     | " P/L A/c (Bal. fig.)           | 13,000        | " 31     | Unexpired Discount A/c (1-4-2017) | 85,000        |
|          |                                 | 80,000        |          |                                   | 8,000         |
|          |                                 | <u>93,000</u> |          |                                   | <u>93,000</u> |

**JOURNAL ENTRIES**

| 2018    |  |     | ₹      | ₹      |
|---------|--|-----|--------|--------|
| Mar. 31 | Unexpired Discount A/c<br>To Discount A/c<br>(Being unexpired discount brought forward from the previous year, credited to Discount A/c) | Dr. | 8,000  | 8,000  |
| Mar. 31 | Discount A/c<br>To Unexpired Discount A/c<br>(Being the provision for unexpired discount required at the end of the year)                | Dr. | 13,000 | 13,000 |
| " 31    | Discount A/c<br>To Profit and Loss A/c<br>(Being discount earned for the year 2017-18 transferred)                                       | Dr. | 80,000 | 80,000 |

**BALANCE SHEET**

As on 31-3-2018

| Liabilities                    | ₹ ('000) |
|--------------------------------|----------|
| Other Liabilities & Provisions |          |
| Unexpired Discount             |          |
| or                             |          |
| Rebate on Bills Discounted     | 13       |
| <b>Assets</b>                  |          |
| Advances                       |          |
| Bills Discounted               | 1,264    |

**PROBLEM 10.** On 31st March, 2017, Uncertain Bank Ltd., had a balance of ₹ 9 crores in "Rebate on Bills Discounted Account". During the year ended 31st March, 2018, Uncertain Bank



Ltd. discounted bills of exchange of ₹ 4,000 crores charging interest at 18% per annum, the average period of discount being for 73 days. Of these, bills of exchange of ₹ 600 crores were due for realisation from the acceptors/customers after 31st March, 2018, the average period outstanding after 31st March, 2018 being 36.5 days. Uncertain Bank Ltd. asks you to pass Journal Entries and show the ledger accounts pertaining to :

- (i) Discounting of bills of exchange and (ii) Rebate on bills discounted.

### SOLUTION

### Uncertain Bank Ltd.

### JOURNAL ENTRIES

(₹ in Crores)

|         |  |     |        |              |
|---------|--|-----|--------|--------------|
| 1-4-17  | Rebate on Bills Discounted A/c<br>To Discount on Bills A/c<br>(Being transfer of opening balance in rebate on bills discounted to Discount on Bills Account)   | Dr. | ₹ 9    | ₹ 9          |
| 2017-18 | Bills Purchased and Discounted A/c<br>To Discount on Bills A/c<br>$\left( ₹ 4,000 \text{ crores} \times \frac{18}{100} \times \frac{73}{365} \right)$<br>To Clients A/c<br>(Being bills discounted during the year)                      | Dr. | 4,000  | 144<br>3,856 |
| 31-3-18 | Discount on Bills A/c<br>$\left( ₹ 600 \text{ crores} \times \frac{18}{100} \times \frac{36.5}{365} \right)$<br>To Rebate on Bill Discounted A/c<br>(Being unexpired portion of discount in respect of bills discounted carried forward) | Dr. | 10-80  | 10-80        |
| 31-3-18 | Discount on Bills A/c<br>To Profit & Loss A/c<br>(Being income on bills discounted during the year transferred to P & L A/c)   | Dr. | 142-20 | 142-20       |

### DISCOUNT ON BILLS ACCOUNT

(₹ in Crores)

|           |   |                   |          |                                     |        |
|-----------|---|-------------------|----------|-------------------------------------|--------|
| 31-3-2018 | To Rebate on Bills Discounted A/c<br>To Profit & Loss A/c | ₹ 10-80<br>142-20 | 1-4-2017 | By Rebate on Bills Discounted A/c   | ₹ 9-00 |
|           |   | 153-00            | 2017-18  | By Bills Purchased & Discounted A/c | 144-00 |
|           |   |                   |          |                                     | 153-00 |

### REBATE ON BILLS DISCOUNTED A/C

(₹ in Crores)

|           |                          |        |           |                          |        |
|-----------|--------------------------|--------|-----------|--------------------------|--------|
| 1-4-2017  | To Discount on Bills A/c | ₹ 9-00 | 1-4-2017  | By Balance b/d           | ₹ 9-00 |
| 31-3-2018 | To Balance c/d           | 10-80  | 31-3-2018 | By Discount on Bills A/c | 10-80  |
|           |                          | 19-80  |           |                          | 19-80  |

**PROBLEM 11.** Following Bills have been discounted by a bank during year 2017 @ 5% p.a.:

| Date of Bill        | Amount (₹) | Period in Months |
|---------------------|------------|------------------|
| (i) Dec. 28, 2017   | 50,000     | 1                |
| (ii) July 27, 2017  | 1,00,000   | 4                |
| (iii) Oct. 27, 2017 | 4,00,000   | 6                |
| (iv) Dec. 20, 2017  | 30,000     | 2                |

Find out the amount of unexpired discount and make its entry.



**SOLUTION****CALCULATION OF UNEXPIRED DISCOUNT**

| Date of Bill    | Period in Months | Due Date of the Bill | No. of Days after Dec. 31 | Amount      | Rate of Discount p.a. | Discount for Days after Dec. 31 i.e. Unexpired Discount                      |
|-----------------|------------------|----------------------|---------------------------|-------------|-----------------------|--|
| 2017<br>Dec. 28 | 1                | Jan. 31, 2018        | 31                        | ₹<br>50,000 | 5                     | ₹<br>212<br>$\left(50,000 \times \frac{5}{100} \times \frac{31}{365}\right)$ |
| July 27         | 4                | Nov. 30              | Nil                       | 1,00,000    | 5                     | Nil  |
| Oct. 27         | 6                | April 30, 2018       | 120                       | 4,00,000    | 5                     | 6,575<br>$\left(4,00,000 \times \frac{120}{365} \times \frac{5}{100}\right)$ |
| Dec. 20         | 2                | Feb. 23, 2018        | 54                        | 30,000      | 5                     | 222<br>$\left(30,000 \times \frac{54}{365} \times \frac{5}{100}\right)$      |
|                 |                  |                      |                           |             |                       | 7,009  |

**JOURNAL ENTRY**

|                 |   |     |            |            |
|-----------------|---|-----|------------|------------|
| 2017<br>Dec. 31 | Discount A/c<br>To Unexpired Discount A/c<br>(Being the provision for unexpired discount required at the end of the year) | Dr. | ₹<br>7,009 | ₹<br>7,009 |
|-----------------|---|-----|------------|------------|

**PROBLEM 12.** On 31st March, 2018 a bank held the following bills discounted by it earlier :

|   | Date of Bill<br>2018 | Terms of Bill<br>(months) | Discounted<br>@ % p.a. | Amount of Bill<br>₹ |
|---|----------------------|---------------------------|------------------------|---------------------|
| 1 | Jan. 17              | 4                         | 17                     | 3,65,000            |
| 2 | February 7           | 3                         | 18                     | 7,30,000            |
| 3 | March 9              | 3                         | 17.5                   | 1,82,000            |

You are required to calculate the Rebate on Bill Discounted. Also show necessary journal entry for the rebate.

**SOLUTION****CALCULATION OF REBATE ON BILLS DISCOUNTED**

| Date of Bill       | Term of Bill<br>(Months) | Due Date of Bill | No. of Days after 31st March | Amount of Bills | Rate of Discount p.a. | Discount for Days after March 31 i.e. Unexpired Discount                            |
|--------------------|--------------------------|------------------|------------------------------|-----------------|-----------------------|---|
| 2018<br>January 17 | 4                        | 2018<br>May 20   | 50                           | ₹<br>3,65,000   | 17%                   | ₹<br>8,500<br>$\left(₹ 3,65,000 \times \frac{17}{100} \times \frac{50}{365}\right)$ |
| February 7         | 3                        | May 10           | 40                           | 7,30,000        | 18%                   | 14,400<br>$\left(₹ 7,30,000 \times \frac{18}{100} \times \frac{40}{365}\right)$     |
| March 9            | 3                        | June 12          | 73                           | 1,82,000        | 17.5%                 | 6,370<br>$\left(₹ 1,82,000 \times \frac{17.5}{100} \times \frac{73}{365}\right)$    |
|                    |                          |                  |                              |                 |                       | 29,270  |



### JOURNAL ENTRY

|           |   |     |             |             |
|-----------|---|-----|-------------|-------------|
| 31-3-2018 | Discount A/c<br>To Rebate on Bills Discounted A/c<br>(Being the provision for unexpired discount required at the end of the year) | Dr. | ₹<br>29,270 | ₹<br>29,270 |
|-----------|---|-----|-------------|-------------|

**PROBLEM 13.** Following balances are extracted from the Trial Balance as at 31-3-2018; Interest/Discount on Advances/Bills (Cr.) ₹ 98,00,000; Rebate for Bills Discounted (Cr.) ₹ 20,000 and Bills Discounted and Purchased ₹ 4,00,000. It is ascertained that the proportionate discounts not yet earned for bills to mature in 2017-18 amounts to ₹ 14,000. Prepare Ledger Accounts.

#### SOLUTION INTEREST/DISCOUNT ON ADVANCES/BILLS ACCOUNT

|                  |                                   |                  |                     |  |                  |
|------------------|-----------------------------------|------------------|---------------------|--|------------------|
| 2018<br>March 31 | To Rebate on Bills Discounted A/c | ₹<br>14,000      | 2017<br>April 1     | By Rebate on Bills Discounted A/c                  | ₹<br>20,000      |
| "                | To Profit & Loss A/c              | 98,06,000        | 2017-18<br>March 31 | By Advances and Bills Purchased and Discounted A/c | 98,00,000        |
|                  |                                   | <u>98,20,000</u> |                     |  | <u>98,20,000</u> |

#### REBATE ON BILLS DISCOUNTED ACCOUNT

|                  |  |               |                  |  |               |
|------------------|--|---------------|------------------|--|---------------|
| 2017<br>April 1  | To Interest/Discount on Advances/Bills A/c | ₹<br>20,000   | 2017<br>April 1  | By Balance b/d                             | ₹<br>20,000   |
| 2018<br>March 31 | To Balance c/d                             | 14,000        | 2018<br>March 31 | By Interest/Discount on Advances/Bills A/c | 14,000        |
|                  |  | <u>34,000</u> |                  |  | <u>34,000</u> |

### INTEREST ON DOUBTFUL DEBTS

**PROBLEM 14.** On 31st December 2017, loan ledger of a Bank showed an unsecured loan of ₹ 4,00,000 on which ₹ 20,000 has accrued as interest. The financial position of customer was doubtful. During the year 2018 bank accepted 75 paise in a rupee on account of total debt. Prepare necessary accounts and journal to record the transactions.

#### SOLUTION JOURNAL ENTRIES

|                 |  |     |             |                 |
|-----------------|--|-----|-------------|-----------------|
| 2017<br>Dec. 31 | Customer's Loan A/c<br>To Interest Suspense A/c<br>(Interest on doubtful loan credited to Interest Suspense A/c)   | Dr. | ₹<br>20,000 | 20,000          |
| 2018            | Cash A/c<br>To Customer's Loan A/c<br>(Receipt of 75 paise in a rupee of the amount due from the customer)   | Dr. | 3,15,000    | 3,15,000        |
|                 | Interest Suspense A/c<br>To Interest A/c<br>to Customer's Loan A/c<br>(Being 75% of Interest Suspense received treated as income and balance transferred to Customer's Loan A/c) | Dr. | 20,000      | 15,000<br>5,000 |
|                 | Bad Debts A/c<br>To Customer's Loan A/c<br>(Amount irrecoverable treated as bad debt)  | Dr. | 1,00,000    | 1,00,000        |



**Ledger's Accounts**  
**CUSTOMER'S LOAN ACCOUNT**

|                 |  |  |                 |   |  |
|-----------------|--|--|-----------------|---|--|
| 2017<br>Dec. 31 | To Balance b/d<br>To Interest Suspense A/c | ₹<br>4,00,000<br>20,000<br><u>4,20,000</u> | 2017<br>Dec. 31 | By Balance c/d  | ₹<br>4,20,000<br><u>4,20,000</u>                 |
| 2018<br>Jan. 1  | To Balance b/d                             | 4,20,000<br><u>4,20,000</u>                | ?               | By Cash A/c<br>By Interest Suspense A/c<br>By Bad Debts A/c | 3,15,000<br>5,000<br>1,00,000<br><u>4,20,000</u> |

**INTEREST SUSPENSE ACCOUNT**

|                 |   |                                  |                 |                        |                              |
|-----------------|---|----------------------------------|-----------------|------------------------|------------------------------|
| 2017<br>Dec. 31 | To Balance c/d                            | ₹<br>20,000<br><u>20,000</u>     | 2017<br>Dec. 31 | By Customer's Loan A/c | ₹<br>20,000<br><u>20,000</u> |
| 2018<br>?       | To Interest A/c<br>To Customer's Loan A/c | 15,000<br>5,000<br><u>20,000</u> | 2018<br>Jan. 1  | By Balance b/d         | 20,000<br><u>20,000</u>      |

**PROBLEM 15.** On 31st March, 2018 the Loan Account in the books of a bank showed a debit balance of ₹ 2,00,000 including ₹ 40,000 due from a merchant which is doubtful. The interest accrued on this loan upto 31-3-2018 was ₹ 10,000 including ₹ 2,000 on doubtful debts.

The merchant became insolvent and the official receiver paid a dividend of 25 paise in the rupee on 30-4-2018.

Pass necessary Journal Entries (relating to merchant who became insolvent) in the books of the bank on 31-3-2018 and 30-4-2018 and prepare the Loan Account.

**SOLUTION**

**JOURNAL**

| 2018     |   |     | ₹      | ₹            |
|----------|---|-----|--------|--------------|
| March 31 | Merchant's Loan Account<br>To Interest Suspense Account<br>(Interest on doubtful loan credited to Interest Suspense Account)  | Dr. | 2,000  | 2,000        |
| April 30 | Cash Account<br>To Merchant's Loan Account<br>(Receipt of 25% of the amount due from merchant on 30-4-2018)   | Dr. | 10,500 | 10,500       |
| April 30 | Interest Suspense Account<br>To Merchant's Loan Account<br>" P. and L. Account<br>(25% of Merchant's Loan Account transferred to Interest Account, the balance to Loan Account) | Dr. | 2,000  | 1,500<br>500 |
| April 30 | Bad Debts Account<br>To Merchant's Loan Account<br>(Amount Irrecoverable)   | Dr. | 30,000 | 30,000       |



**LOAN LEDGER  
MERCHANT'S LOAN ACCOUNT**

| 2018     |                         | ₹      | 2018     |                         | ₹      |
|----------|-------------------------|--------|----------|-------------------------|--------|
| March 31 | To Balance b/d          | 40,000 | March 31 | By Balance c/d          | 42,000 |
| " 31     | " Interest Suspense A/c | 2,000  |          |                         |        |
|          |                         | 42,000 |          |                         | 42,000 |
| 2018     |                         |        | 2018     |                         |        |
| April 1  | To Balance b/d          | 42,000 | April 30 | By Cash                 | 10,500 |
|          |                         |        | " 30     | " Interest Suspense A/c | 1,500  |
|          |                         |        | " 30     | " Bad Debts A/c         | 30,000 |
|          |                         | 42,000 |          |                         | 42,000 |

**ADVANCES**

**PROBLEM 16.** From the books of accounts of a bank as on 31st March, 2018 the following particulars regarding loans and advances given by the bank are available :

Advances to Priority Sector ₹ 3,15,00,000 ; Advances to Public Sector ₹ 90,00,000 ; Advances to Other Banks in India ₹ 45,00,000 ; Advances (Others) ₹ 3,60,00,000 ; The details of the above advances are as follows : ; Bills Purchased and Discounted ; (Including ₹ 18,00,000 outside India) ₹ 1,10,00,000 ; Cash Credits, Overdrafts and Loans Payable on Demand ₹ 4,30,00,000 ; Term Loans (Including ₹ 50,00,000 outside India) ₹ 2,70,00,000.

Of the above advances ₹ 6,75,00,000 were secured by tangible assets, ₹ 45,00,000 were secured by Bank and Govt. guarantees and the rest were unsecured.

How are these items to be shown in the Balance Sheet of the bank ?

**SOLUTION**

**Schedule 9-Advances (as on 31-3-2018)**

|    |   |        |
|----|---|--------|
| A. | (i) Bills Purchased and Discounted                        | ₹ '000 |
|    | (ii) Cash Credits, Overdrafts and Loans Payable on Demand | 11,000 |
|    | (iii) Term Loans  | 43,000 |
|    |   | 27,000 |
|    | Total   | 81,000 |
| B. | (i) Secured by Tangible Assets                            | 67,500 |
|    | (ii) Covered by Bank/Govt. Guarantees                     | 4,500  |
|    | (iii) Unsecured   | 9,000  |
|    |   | 81,000 |
| C. | (I) Advances in India                                     |        |
|    | (i) Priority Sector                                       | 31,500 |
|    | (ii) Public Sector  | 9,000  |
|    | (iii) Banks   | 4,500  |
|    | (iv) Others   | 29,200 |
|    |   | 74,200 |
|    | (II) Advances Outside India                               |        |
|    | (i) Due to Banks  | —      |
|    | (ii) Due to Others  | —      |
|    | (a) Bills Purchased and Discounted                        | 1,800  |
|    | (b) Syndicate Loans                                       | —      |
|    | (c) Others  | 5,000  |
|    |   | 6,800  |
|    | Grand Total (C I and II)                                  | 81,000 |



## ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS A/C

**PROBLEM 17.** From the following particulars prepare "Acceptances, Endorsements and Others Obligations A/c" as would appear in the general ledger.

On 1-4-2017 acceptances not yet satisfied stood at ₹ 44,60,000. Out of which ₹ 40 lacs were subsequently paid off by clients and bank has to honour the rest. A scrutiny of the acceptance register revealed the following :

| Client | Acceptances/Guarantees<br>₹ | Remarks  |
|--------|-----------------------------|--|
| X      | 20,00,000                   | Bank honoured on 10-6-2017                               |
| Y      | 12,00,000                   | Party paid off on 30-9-2017                              |
| Z      | 10,00,000                   | Party failed to pay and bank had to honour on 30-11-2017 |
| A      | 8,00,000                    | Not satisfied up 31-3-2018                               |
| B      | 10,00,000                   | —Do—   |
| C      | 5,40,000                    | —Do—   |
|        | <u>65,40,000</u>            |  |

### SOLUTION

#### Acceptances, Endorsements and Other Obligations Account

| Date       | Particulars   | ₹                  | Date     | Particulars  | ₹                |
|------------|---|--------------------|----------|--|------------------|
| 2017-18    | To Constituents' Liabilities for Acceptances/Guarantees etc. (Paid off by clients)                        | 40,00,000          | 1-4-2017 | By Balance b/d   | 44,60,000        |
|            | To Constituents' Liabilities for Acceptances/Guarantees etc. (Honoured by bank)                           | 4,60,000           |          | By Constituents' Liabilities for Acceptances/Guarantees etc. |                  |
| 10-6-2017  | To Constituents' Liabilities for Acceptances/Guarantees etc. (Honoured by bank)                           | 20,00,000          |          | X  | 20,00,000        |
|            |   |                    |          | Y  | 12,00,000        |
| 30-9-2017  | To Constituents' Liabilities for Acceptances/Guarantees etc. (Honoured by Customer)                       | 12,00,000          |          | Z  | 10,00,000        |
|            |   |                    |          | A  | 8,00,000         |
| 30-11-2017 | To Constituents' Liabilities for Acceptances/Guarantees etc. (Honoured by bank on party's failure to pay) | 10,00,000          |          | B  | 10,00,000        |
|            |   |                    |          | C  | 5,40,000         |
| 31-3-2018  | To Balance c/d  | 23,40,000          |          |  | <u>65,40,000</u> |
|            |   | <u>1,10,00,000</u> |          |  |                  |
|            |   |                    | 1-4-2018 | By Balance b/d   | 1,10,00,000      |
|            |   |                    |          |  | <u>23,40,000</u> |



## BILLS FOR COLLECTION

**PROBLEM 18.** From the following details, prepare Bills for Collection (Asset) Account and Bills for Collection (Liability) Account :

|  |             |
|--|-------------|
| On 1-4-2017, Bills for Collection were                             | ₹ 51,00,000 |
| During the year 2017-18, Bills Received for Collection amounted to | 75,00,000   |
| Bills Collected during the year 2017-18                            | 98,47,000   |
| Bills dishonoured and returned during the year                     | 27,10,000   |

### SOLUTION

#### BILLS FOR COLLECTION (ASSET) ACCOUNT

|          |   | ₹           |           |   | ₹           |
|----------|---|-------------|-----------|---|-------------|
| 1-4-2017 | To Balance b/d                          | 51,00,000   | 2017-18   | By Bills for Collection (Liability) A/c | 98,47,000   |
| 2017-18  | To Bills for Collection (Liability) A/c | 75,00,000   | 2017-18   | By - do -                               | 27,10,000   |
|          |   |             | 31-3-2018 | By Balance c/d                          | 43,000      |
|          |   | 1,26,00,000 |           |   | 1,26,00,000 |
| 1-4-2018 | To Balance b/d                          | 43,000      |           |   |             |

#### BILLS FOR COLLECTION (LIABILITY) ACCOUNT

|         |                                     | ₹           |          |                                     | ₹           |
|---------|-------------------------------------|-------------|----------|-------------------------------------|-------------|
| 2017-18 | To Bills for Collection (Asset) A/c | 98,47,000   | 1-4-2017 | By Balance b/d                      | 51,00,000   |
| 2017-18 | To Bills for Collection (Asset) A/c | 27,10,000   | 2017-18  | By Bills for Collection (Asset) A/c | 75,00,000   |
| 31-3-18 | To Balance c/d                      | 43,000      |          |                                     |             |
|         |                                     | 1,26,00,000 |          |                                     | 1,26,00,000 |
|         |                                     |             | 1-4-18   | By Balance b/d                      | 43,000      |

## PREPARATION OF BALANCE SHEET

**PROBLEM 19.** Prepare Balance Sheet of Bharat Bank Ltd. as at 31st March, 2018 from the following particulars :

|  | ₹ ('000) |                              | ₹ ('000) |
|--|----------|------------------------------|----------|
| Paid up Capital                            | 1,000    | Customers' Liability for     |          |
| Authorised Capital                         | 5,000    | Acceptances and Endorsements | 200      |
| Money at Call and Short Notice             | 500      | Furniture and Fixtures       | 100      |
| Investments                                | 3,000    | Land and Building            | 1,700    |
| Acceptances and Endorsements for Customers | 200      | Loans                        | 800      |
| Bills Discounted and Purchased             | 400      | Cash Credits                 | 300      |
| Bills Payable                              | 500      | Current Accounts             | 2,500    |
| Saving Bank Accounts                       | 1,000    | Fixed Deposits               | 1,400    |
|  |          | Profit for the year          | 400      |
|  |          | Cash in hand and with RBI    | 1,000    |

The Statutory Reserve is equal to paid up capital. The profit for the year is arrived at before making adjustment for unexpired discount ₹ 5,000 on bills discounted during the year not matured on 31st March, 2018.

Investments include 5,000 shares of the face value of ₹ 100 each on which ₹ 50 is paid up. Claims against the Bank not acknowledged as debts amounted to ₹ 50,000.



**BHARAT BANK LTD.  
BALANCE SHEET  
as on 31st March, 2018**

₹ ('000)

|  | Schedule No. | As on 31-3-2018 |
|--|--------------|-----------------|
| <b>Capital and Liabilities</b>                       |              |                 |
| Capital  | 1            | 1,000           |
| Reserves & Surplus                                   | 2            | 1,395           |
| Deposits   | 3            | 4,900           |
| Borrowings   | 4            | —               |
| Other Liabilities & Provisions                       | 5            | 505             |
| <b>Total</b>   |              | <b>7,800</b>    |
| <b>Assets</b>  |              |                 |
| Cash and balances with RBI                           | 6            | 1,000           |
| Balances with Banks & Money at Call and Short notice | 7            | 500             |
| Investments  | 8            | 3,000           |
| Advances   | 9            | 1,500           |
| Fixed Deposits                                       | 10           | 1,800           |
| Other Assets   | 11           | —               |
| <b>Total</b>   |              | <b>7,800</b>    |
| Contingent Liabilities                               | 12           | 250             |
| Bills for Collection                                 |              | —               |

**SCHEDULE 1—CAPITAL**

₹ ('000)

|                    |       |
|--------------------|-------|
| Authorised Capital | 5,000 |
| Paid-up Capital    | 1,000 |

**SCHEDULE 2—RESERVES & SURPLUS**

₹ ('000)

|  |          |              |
|--|----------|--------------|
| I. Statutory Reserves  | ₹ ('000) |              |
| Opening Balance  | 1,000    |              |
| Additions during the year  | 99       | 1,099        |
| II. Capital Reserve  |          |              |
| Opening Balance  |          | —            |
| Additions during the year  |          |              |
| Deductions during the year   |          |              |
| III. Securities Premium Account  |          |              |
| 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 the Profit and Loss Account<br>(400 – 5 Unexpired Discount – 25% of 395) |          | 296          |
| <b>Total (I, II, III, IV &amp; V)</b>  |          | <b>1,395</b> |

**SCHEDULE 3—DEPOSITS**

₹ ('000)

|                          |       |
|--------------------------|-------|
| I. Demand Deposits       | 2,500 |
| II. Saving Bank Deposits | 1,000 |
| III. Term Deposits       | 1,400 |
| Total (I II, & III)      | 4,900 |

**SCHEDULE 5—OTHER LIABILITIES AND PROVISIONS**

₹ ('000)

|  |     |
|--|-----|
| I. Bills Payable   | 500 |
| II. Sundry-office Adjustments (net)                        | —   |
| III. Interest Accrued                                      | —   |
| IV. Others (including Provisions i.e., Unexpired Discount) | 5   |
| Total  | 505 |

**SCHEDULE 6—CASH AND BALANCES WITH RESERVE BANK OF INDIA**

₹ ('000)

|   |       |
|---|-------|
| I. Cash in hand<br>(including foreign currency notes) | 1,000 |
| II. Balances with Reserve Bank of India               |       |
| Total   | 1,000 |

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

₹ ('000)

|                                     |     |
|-------------------------------------|-----|
| I. In India                         |     |
| (i) Balances with banks             |     |
| (a) in Current Accounts             |     |
| (b) in Other Deposit Accounts       |     |
| (ii) Money at call and short notice | 500 |
| (a) With banks                      |     |
| (b) With other institutions         |     |
| Total (I and II)                    | 500 |

**SCHEDULE 8—INVESTMENTS**

₹ ('000)

|  |       |
|--|-------|
| I. Investments in India in             |       |
| (i) Government securities              | —     |
| (ii) Other approved securities         | —     |
| (iii) Shares                           | 250   |
| (iv) Debentures and Bonds              | —     |
| (v) Subsidiaries and/or joint ventures | —     |
| (vi) Others (to be specified)          | 2,750 |
| Total                                  | 3,000 |

*Handwritten note: Investment 5,000 shares @ 10 each = 50,000 - 50 paid up (25,000) = 25,000 @ 100*

**SCHEDULE 9—ADVANCES**

₹ ('000)

|   |       |
|---|-------|
| (i) Bills purchased and discounted                          | 400   |
| (ii) Cash credits, overdrafts and loans repayable on demand | 300   |
| (iii) Term loans  | 800   |
| Total   | 1,500 |



# SCHEDULE 10—FIXED ASSETS

₹ ('000)

|                          |       |
|--------------------------|-------|
| I. Land and Building     | 1,700 |
| II. Furniture & Fixtures | 100   |
| Total                    | 1,800 |

# SCHEDULE 11—OTHER ASSETS

₹ ('000)

|  |     |
|--|-----|
|  | Nil |
|--|-----|

# SCHEDULE 12—CONTINGENT LIABILITIES

₹ ('000)

|   |     |
|---|-----|
| Acceptances and Endorsement for Customers     | 200 |
| Claims against bank not acknowledged as debts | 50  |
| Total   | 250 |

**PROBLEM 20.** From the following particulars prepare Balance Sheet of Progressive Bank Ltd. as on 31st March, 2018 :

|  | Dr.<br>(₹ in '000) | Cr.<br>(₹ in '000) |
|--|--------------------|--------------------|
| Share capital  | —                  | 1,000              |
| Reserve fund   | —                  | 1,600              |
| Fixed deposits <i>Sch 15</i>                                     | —                  | 4,000              |
| Savings bank deposits  | —                  | 6,000              |
| Current accounts   | —                  | 22,000             |
| Money at call and short notice in India <i>5713</i>              | 200                | —                  |
| Bills discounted and purchased in India <i>Sch 129</i>           | 900                | —                  |
| Investments at cost :  |                    |                    |
| Central and State Governments                                    |                    |                    |
| —securities  | 10,000             | —                  |
| —debentures  | 400                | —                  |
| —bullion   | 2,400              | —                  |
| Reserve for buildings  | —                  | 1,000              |
| Premises at cost   | 10,000             | —                  |
| Addition to premises   | 2,000              | —                  |
| Depreciation fund on premises                                    | —                  | 8,000              |
| Cash with Reserve Bank of India                                  | 3,400              | —                  |
| Cash with State Bank of India                                    | 1,200              | —                  |
| Unclaimed dividend   | —                  | 24                 |
| Unexpired discount   | —                  | 50                 |
| Loans, advances, overdrafts and cash credits in India <i>129</i> | 10,000             | —                  |
| Branch adjustment <i>Other A/c</i>                               | 5,794              | —                  |
| Silver   | 200                | —                  |
| Advance payment of tax   | 110                | —                  |
| Interest accrued on investments                                  | 260                | —                  |
| Non-banking assets acquired                                      | 70                 | —                  |
| Borrowings from banks in India                                   | —                  | 250                |
| Bills payable  | —                  | 2,000              |
| Profit & loss account including ₹ 2,10,000 for the year          | —                  | 410                |
| Dividend fluctuation fund  | —                  | 600                |
|  | 46,934             | 46,934             |

The bank has bills for collection for its constituents ₹ 3,00,000 and acceptances ₹ 4,00,000. There was a claim of ₹ 2,00,000 against the bank but not acknowledged as debt. The liability for bills rediscounted was ₹ 32,000. Liability for forward exchange contract was ₹ 20,00,000. The directors decided to reserve ₹ 2,000 for unexpired discounts and transfer reserve for building to depreciation fund.

### SOLUTION 20

#### PROGRESSIVE BANK LTD. BALANCE SHEET as on 31st March, 2018

|  | Schedule No. | As on 31-3-2018 |
|--|--------------|-----------------|
| <b>Capital and Liabilities</b>                       |              |                 |
| Capital  | 1            | 1,000           |
| Reserves & Surplus                                   | 2            | 2,608           |
| Deposits   | 3            | 32,000          |
| Borrowings   | 4            | 250             |
| Other Liabilities & Provisions                       | 5            | 11,076          |
| <b>Total</b>   |              | <b>46,934</b>   |
| <b>Assets</b>  |              |                 |
| Cash and Bank Balance with RBI                       | 6            | 3,400           |
| Balances with Banks & Money at Call and Short Notice | 7            | 1,400           |
| Investments  | 8            | 12,800          |
| Advances   | 9            | 10,900          |
| Fixed Assets   | 10           | 12,000          |
| Other Assets   | 11           | 6,434           |
| <b>Total</b>   |              | <b>46,934</b>   |
| Contingent Liabilities                               | 12           | 2,632           |
| Bills for Collection                                 |              | 300             |

#### SCHEDULE 1—CAPITAL

|  | ₹ ('000) |
|--|----------|
| Issued, Subscribed and Called-up Capital | 1,000    |
|  | 1,000    |

#### SCHEDULE 2—RESERVES & SURPLUS

|  | ₹ ('000)        | ₹ ('000)     |
|--|-----------------|--------------|
| I. Statutory Reserves                                |                 |              |
| Opening Balance                                      | 1,600           |              |
| Additions during the year (25% of 208)               | 52              | 1,652        |
| Deductions during the year                           |                 |              |
| II. Capital Reserve                                  |                 |              |
| Opening Balance                                      |                 | —            |
| Additions during the year                            |                 |              |
| Deductions during the year                           |                 |              |
| III. Securities Premium Account                      |                 |              |
| Opening Balance                                      |                 | —            |
| Additions during the year                            |                 |              |
| Deductions during the year                           |                 |              |
| IV. Revenue and other Reserves                       |                 |              |
| Dividend Equalisation Reserve                        |                 | 600          |
| V. Balance in Profit and Loss Account (410 – 52 – 2) |                 | 356          |
| <b>Total</b>   | <b>2,00,000</b> | <b>2,608</b> |



**SCHEDULE 3—DEPOSITS**

|                          | ₹ ('000) |
|--------------------------|----------|
| I. Demand Deposits       | 22,000   |
| II. Saving Bank Deposits | 6,000    |
| III. Term Deposits       | 4,000    |
| Total                    | 32,000   |

**SCHEDULE 4—BORROWINGS**

|                        | ₹ ('000) |
|------------------------|----------|
| I. Borrowings in India | 250      |
| Total                  | 250      |

**SCHEDULE 5—OTHER LIABILITIES AND PROVISIONS**

|  | ₹ ('000) |
|--|----------|
| I. Bills Payable                                       | 2,000    |
| II. Unexpired Discount (50 + 2)                        | 52       |
| III. Unclaimed Dividend                                | 24       |
| IV. Others (including provisions)<br>Depreciation Fund | 9,000    |
| Total  | 11,076   |

**SCHEDULE 6—CASH AND BALANCES WITH RESERVE BANK OF INDIA**

|   | ₹ ('000) |
|---|----------|
| I. Cash in hand<br>(including foreign currency notes) | —        |
| II. Balances with Reserve Bank of India               | 3,400    |
| Total   | 3,400    |

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

|                                     | ₹ ('000) |
|-------------------------------------|----------|
| (i) Cash with State Bank of India   | 1,200    |
| (ii) Money at call and short notice | 200      |
| Total                               | 1,400    |

**SCHEDULE 8—INVESTMENTS**

|  | ₹ ('000) |
|--|----------|
| I. Investments in India in             |          |
| (i) Government securities              | 10,000   |
| (ii) Other approved securities         | —        |
| (iii) Shares                           | —        |
| (iv) Debentures and Bonds              | 400      |
| (v) Subsidiaries and/or joint ventures | —        |
| (vi) Others (to be specified) Bullion  | 2,400    |
| Total                                  | 12,800   |

**SCHEDULE 9—ADVANCES**

|   | ₹ ('000) |
|---|----------|
| (i) Bills purchased and discounted                          | 900      |
| (ii) Cash credits, overdrafts and loans repayable on demand | 10,000   |
| (iii) Term loans  | —        |
| Total   | 10,900   |

### SCHEDULE 10—FIXED ASSETS

₹ ('000)

|                                |        |        |
|--------------------------------|--------|--------|
| I. Premises                    |        |        |
| At cost as on 31st March, 2017 | 10,000 |        |
| Additions during the year      | 2,000  |        |
| Total                          |        | 12,000 |
|                                |        | 12,000 |

### SCHEDULE 11—OTHER ASSETS

₹ ('000)

|                                     |       |
|-------------------------------------|-------|
| (i) Branch Adjustment               | 5,794 |
| (ii) Silver                         | 200   |
| (iii) Advance Payment of Tax        | 110   |
| (iv) Interest Accrued on Investment | 260   |
| (v) Non-banking Assets              | 70    |
| Total                               | 6,434 |

### SCHEDULE 12—CONTINGENT LIABILITIES

₹ ('000)

|   |       |
|---|-------|
| 1. Claims against the Bank not acknowledged as debts                | 200   |
| 2. Liabilities on account of outstanding forward exchange contracts | 2,000 |
| 3. Liability on Bills Discounted                                    | 32    |
| 4. Acceptances, Endorsements and Other Obligations                  | 400   |
| Total   | 2,632 |

**PROBLEM 21.** Following ledger balances of the Bontay Bank Ltd. as at 31st March, 2018 are furnished to you. You are required to prepare the Balance Sheet as per the requirements of law after making such adjustments as you consider necessary.

|                                      | ₹ ('000) |                             | ₹ ('000) |
|--------------------------------------|----------|-----------------------------|----------|
| Reserve Fund                         | 600      | Cash in hand                | 500      |
| Local Bills Discounted               | 1,800    | Profit and Loss Account     | 220      |
| Furniture                            | 40       | Fixed Deposits              | 4,000    |
| Investments                          | 950      | Unclaimed Dividends         | 10       |
| Cash Credits and Overdrafts          | 5,300    | Paid-up Capital             | 2,000    |
| Current Saving Deposits              | 3,800    | Loans from Other Banks      | 1,200    |
| Participating Certificates Purchased | 500      | Loans to Customers          | 600      |
| Stamps and Stationery                | 10       | Provision for Contingencies | 170      |
| Balance with Reserve Bank            | 1,300    | Premises                    | 1,000    |

Further particulars are furnished : (1) Market value of the investment is ₹ 9,00,000. (2) Rebate on bills discounted is calculated at ₹ 5,000. (3) No credit has been taken for interest of ₹ 7,000 on certain sticky advances which are not yet considered as doubtful. (4) Loans from other Banks are secured to the extent of ₹ 5,00,000 against a charge on investment.

**SOLUTION 21**

### BONTAY BANK LTD. BALANCE SHEET

as on 31st March, 2018

(₹ '000)

|                         | Schedule No. | As on 31-3-2018 |
|-------------------------|--------------|-----------------|
| Capital and Liabilities |              |                 |
| Capital                 | 1            | 2,000           |
| Reserves & Surplus      | 2            | 822             |
| Deposits                | 3            | 7,800           |



|   |    |               |
|---|----|---------------|
| Borrowings  | 4  | 1,200         |
| Other Liabilities & Provisions                      | 5  | 185           |
| <b>Total</b>  |    | <b>12,007</b> |
| <b>Assets</b>                                       |    |               |
| Cash and Bank Balance with RBI                      | 6  | 1,800         |
| Balance with Banks & Money at Call and Short Notice | 7  | —             |
| Investments   | 8  | 1,450         |
| Advances  | 9  | 7,700         |
| Fixed Assets  | 10 | 1,040         |
| Other Assets  | 11 | 17            |
| <b>Total</b>  |    | <b>12,007</b> |
| Contingent Liabilities                              | 12 | —             |
| Bills for Collection                                |    | —             |

#### SCHEDULE 1—CAPITAL

|  | ₹ ('000) |
|--|----------|
| Issued, Subscribed and Called-up Capital | 2,000    |
|  | 2,000    |

#### SCHEDULE 2—RESERVES & SURPLUS

|   | ₹ ('000)   |
|---|------------|
| I. Statutory Reserve                                | 600        |
| II. Capital Reserve                                 |            |
| Opening Balance                                     | —          |
| Additions during the year                           |            |
| Deductions during the year                          |            |
| III. Securities Premium Account                     |            |
| 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 (220 + 7 - 5) | 222        |
| <b>Total (I, II, III, IV and V)</b>                 | <b>822</b> |

#### SCHEDULE 3—DEPOSITS

|                                  | ₹ ('000)     |
|----------------------------------|--------------|
| I. Demand Deposits               |              |
| (i) From Banks                   | —            |
| (ii) From others                 |              |
| II. Current Saving Bank Deposits | 3,800        |
| III. Term Deposits               | 4,000        |
| <b>Total</b>                     | <b>7,800</b> |

#### SCHEDULE 4—BORROWINGS

|                           | ₹ ('000) |
|---------------------------|----------|
| I. Borrowings in India    |          |
| (i) Reserve Bank of India | —        |
| (ii) Other banks          | 1,200    |

- (iii) Other institutions and agencies
- II. Borrowings outside India

|   |       |
|---|-------|
| Total (I and II)                              | —     |
| Secured borrowings included in I & II above—₹ | 1,200 |
|   | 500   |

### SCHEDULE 5—OTHER LIABILITIES AND PROVISIONS

|   | ₹ ('000) |
|---|----------|
| I. Rebate on Bills Discounted                                     |          |
| II. Unclaimed Dividends   | 5        |
| III. Others (including provisions)<br>Provision for Contingencies | 10       |
|   | 170      |
| Total (I and II)  | 185      |

### SCHEDULE 6—CASH AND BALANCES WITH RESERVE BANK OF INDIA

₹ ('000)

|   |       |
|---|-------|
| I. Cash in hand<br>(including foreign currency notes)                                       | 500   |
| II. Balances with Reserve Bank of India<br>(i) in Current Account<br>(ii) in Other Accounts | 1,300 |
| Total   | 1,800 |

### SCHEDULE 7—BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

Nil

### SCHEDULE 8—INVESTMENTS

₹ ('000)

|  |       |
|--|-------|
| I. Investments in India in                                 |       |
| (i) Government securities                                  | 950   |
| (ii) Other approved securities                             | —     |
| (iii) Shares   | —     |
| (iv) Debentures and Bonds                                  | —     |
| (v) Subsidiaries and/or joint ventures                     | —     |
| (vi) Others (to be specified) : Participating Certificates | 500   |
| Total  | 1,450 |
| II. Investments outside India in                           |       |
| (i) Government securities<br>(including local authorities) | —     |
| (ii) Subsidiaries and/or joint ventures abroad             | —     |
| (iii) Other investments (to be specified)                  | —     |
| Total  | —     |
| Grand Total : (I & II)                                     | —     |

### SCHEDULE 9—ADVANCES

₹ ('000)

|   |       |
|---|-------|
| A. (i) Bills purchased and discounted                       | 1,800 |
| (ii) Cash credits, overdrafts and loans repayable on demand | 5,300 |
| (iii) Term loans  | 600   |
| Total   | 7,700 |



|       |  |  |       |
|-------|--|--|-------|
| B.    | (i) Secured by tangible assets             |  |       |
|       | (ii) Covered by Bank/Government guarantees |  |       |
|       | (iii) Unsecured                            |  |       |
|       | Total                                      |  | 7,700 |
| C. I. | Advances in India                          |  |       |
|       | (i) Priority Sectors                       |  |       |
|       | (ii) Public Sector                         |  |       |
|       | (iii) Banks                                |  |       |
|       | (iv) Others                                |  |       |
|       | Total                                      |  | 7,700 |
| II.   | Advances outside India                     |  |       |
|       | (i) Due from banks                         |  |       |
|       | (ii) Due from others                       |  |       |
|       | (a) Bills purchased and discounted         |  |       |
|       | (b) Syndicated loans                       |  |       |
|       | (c) Others                                 |  |       |
|       | Total                                      |  | 7,700 |

#### SCHEDULE 10—FIXED ASSETS

₹ ('000)

|     |           |       |
|-----|-----------|-------|
| I.  | Premises  | 1,000 |
| II. | Furniture | 40    |
|     | Total     | 1,040 |

#### SCHEDULE 11—OTHER ASSETS

₹ ('000)

|    |                       |    |
|----|-----------------------|----|
| 1. | Stamps and Stationery | 10 |
| 2. | Accrued Interest      | 7  |
|    | Total                 | 17 |

**PROBLEM 22.** On 31st March, 2018 the following balances stood in the books of Asian Bank Limited, after preparation of its Profit and Loss Account :

|  | ₹ ('000) |                                    | ₹ ('000) |
|--|----------|------------------------------------|----------|
| <b>Share Capital</b> (authorised and issued) : |          | Cash in hand                       | 380      |
| 80,000 shares of ₹ 100                         |          | Cash with Reserve Bank of India    | 10,000   |
| each, ₹ 50 paid                                | 4,000    | Cash with other Banks              | 6,000    |
| Statutory Reserve (under Sec. 17)              | 6,510    | Bills Discounted and Purchased     | 3,800    |
| Fixed Deposits                                 | 42,600   | Loans, Cash Credits and Overdrafts | 51,000   |
| Savings Bank Deposits                          | 19,000   | Drafts Payable                     | 70       |
| Current Accounts                               | 23,200   | Unclaimed Dividends                | 60       |
| Money at Call and Short Notice                 | 1,800    | Rebate on Bills Discounted         | 50       |
| Government Securities                          | 9,000    | Short Loans (Cr.)                  | 4,750    |
| Other Investments                              | 16,000   | Furniture and Fixtures (after      |          |
| Profit and Loss Account (Credit)               |          | depreciation upto 31st             |          |
| 31-3-2018                                      | 2,190    | March, 2018 ₹ 1,36,000)            | 1,164    |
| Premises (after depreciation upto              |          | Inter Office Adjustments           |          |
| 31st March, 2018 ₹ 4,50,000)                   | 2,950    | (debit balance)                    | 336      |