

B.Com. T.Y. V-Sem.

***ACCOUNTS OF BANKING
COMPANIES***

Dr. Dhammpal N. Ghumbre

Dept. of Commerce

Kalikadevi Arts, Commerce and Science College,

Shirur (Ka.). Dist. Beed.

DEFINITION

Section 5 of banking regulation act defines banking as “the accepting, for the purpose of lending or investment, of deposit of money from the public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise.

Features of banking company

- *The borrowing, raising, or taking up of money.*
- *The lending or advancing of money either upon or without security.*
- *The granting and issuing of letters of credit, travellers cheques and circular notes.*
- *The buying and selling of bullion.*
- *The buying and selling of foreign exchange including foreign bank notes.*
- *Contracting for public and private loans negotiating and issuing the same.*
- *Undertaking and executing trust.*

Continued

- *The acquisition, constructing, maintenance and alternation of any building or works necessary or convenient for the purpose of the company.*
- *Carrying on and transacting every kind of guarantee and indemnity business.*
- *The collecting and transmitting of money and securities.*
- *Undertaking the administration of estates as executor, trustee or otherwise*

General Information

- *No banking company can carry on business in India unless its subscribed capital is not less than one-half of the authorized capital and its paid up capital is not less than one – half of subs. capital.*
- *A banking company cannot create any charge upon its uncalled capital.*
- *Every banking co. shall transfer a sum equal to 25% of profits to statutory reserve.*
- *A bank can open a branch only at the permission or reserve bank*

Accounting System

The accounting system of a banking company is different from that of a trading or manufacturing company. A bank has a large number of customers whose acc are to be maintained in such a way so that these should be kept upto date.

Features Of Banking Acc System

- *Entries in the personal ledgers are made directly from vouchers.*
- *From such entries in personal acc each day summary sheets in total are prepared.*
- *The general ledger's trial balance is extracted and agreed every day.*
- *A trial balance of detailed personal ledger is prepared periodically and get agreed with general ledger.*
- *Two vouchers are prepared for every transaction not involving cash- debit and credit voucher.*

Books Required

- *Receiving cashier's counter cash book,*
- *Paying cashier's counter cash book,*
- *Current accounts ledger.*
- *Loan ledger.*
- *Cash credit ledger.*
- *Investment ledger.*
- *Saving bank accounts ledger.*
- *Recurring deposits accounts ledger.*
- *Bill discounted and purchased ledger.*

Principal Books Of Accounts Are:

- *Cash book: This book gives the summary of the receiving cashier's counter cash book and paying cashier's cash book.*
- *General ledger: This ledger contains control acc for subsidiary ledger listed above and acc of expenses and assets not covered by the subsidiary ledger.*