

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

***ACCOUNTS OF BANKING  
COMPANIES***

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# *Notes And Instruction For Compilation*

- *The formats of balance sheet and profit n loss acc cover all items likely to appear in these statement.*
- *The words 'current year' and 'previous year' used in the formats are only to indicate the order of presentation and may not appear in acc.*
- *Figures should be rounded off to nearest thousand.*

**BANKS PREPARE THEIR ACCOUNTS ACCORDING TO BANKING REGULATION ACT, 1949. THE FINAL ACCOUNTS OF BANK ARE IN VERTICAL FORMAT . THE FINAL ACCOUNTS CONSIST OF :-**

- a) PROFIT and LOSS ACCOUNT**
- b) PROFIT and LOSS APPROPRIATION ACCOUNT**
- c) BALANCE SHEET**

**THERE ARE 16 SCHEDULES IN THE FINAL ACCOUNTS OF BANKS.**

**BALANCE SHEET OF XYZ BANK AS ON 31<sup>ST</sup> MARCH 2008**

<b><i>PARTICULARS</i></b>	<b><i>SCHEDULE NO.</i></b>	<b><i>AMT.</i></b>
Capital	1.	
Reserves and surplus	2.	
Deposits	3.	
Borrowings	4.	
Other liabilities	5.	
<b>TOTAL</b>		
Cash in hand and with RBI	6.	
Bal. with other banks and money at		
Call and short notice	7.	
Investments	8.	
Advances	9.	
Fixed assets	10.	
Other assets	11.	
<b>TOTAL</b>		
<b>CONTINGENT LIABILITIES</b>	12.	

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31<sup>ST</sup> MARCH, 2008.**

PARTICULARS	SCHEDULE NO.	AMOUNT
<b>INCOMES:-</b>		
Interest earned	13.	
Other incomes	14.	
<b>TOTAL(A)</b>		
<b>EXPENDITURE:-</b>		
Interest expanded	15.	
Operating expenses	16.	
Provision and contingencies	-	
<b>TOTAL (B)</b>		
<b>PROFIT (A-B)</b>		

## PROFIT AND LOSS APPROPRIATION ACCOUNT

PARTICULARS	AMOUNT
Net profit during the year	
Profit of the last year	
<b>TOTAL PROFIT AVAILABLE FOR APPROPRIATION</b>	
Statutory reserve	
General reserves or other reserves	
Dividends	
<b>SURPLUS TO BALANCE SHEET</b>	

# *WORKING NOTES :-*

## *CAPITAL ( SCHEDULE NO. 1 )*

<b>PARTICULARS</b>	<b>Amt.</b>
<b>Equity share capital</b> <b>Preference share capital</b> <b>Less:- calls in arrears</b> <b>Add:- calls in advance</b> <b>Add:- share forfeiture</b>	

# RESERVES AND SURPLUS ( SCHEDULE NO. 2 )

PARTICULARS	AMOUNT
<i>Statutory Reserve</i>	
<i>General reserve</i>	
<i>Capital reserve</i>	
<i>Investment Fluctuation Reserve</i>	
<i>Workmen compensation fund</i>	
<i>Sinking fund</i>	
<i>Surplus ( P/L app. a/c)</i>	
<i>Building fund</i>	
<i>Depreciation fund</i>	
<i>Tax fund</i>	
<i>Capital redemption reserve</i>	



## DEPOSITS ( SCHEDULE NO. 3 )

PARTICULARS	AMOUNT
<i>Fixed deposits</i>	
<i>Saving deposits</i>	
<i>Current account</i>	
<i>Recurring deposit</i>	
<i>L/C a/c</i>	
<i>Other deposits except income tax deposit</i>	

## BORROWING ( SCHEDULE NO. 4 )

PARTICULARS	AMOUNT
<i>Borrowing from RBI</i>	
<i>Borrowing from other banks</i>	
<i>Borrowing in India or outside in India</i>	

## OTHER LIABILITIES (SCHEDULE NO. 5 )

PARTICULARS	AMOUNT
<i>Bills payable</i>	
<i>Outstanding expenses</i>	
<i>Unpaid dividend</i>	
<i>Incomes received in advance</i>	
<i>Interoffice adjustment</i>	
<i>Reserve for unexpired discount</i>	

## CASH IN HAND AND WITH RBI (SCHEDULE NO. 6 )

PARTICULARS	AMOUNT
<i>Cash in hand with bank</i>	
<i>Balance with RBI</i>	

# BALANCE WITH OTHER BANKS AND MONEY AT CALL AND SHORT NOTICE ( SCHEDULE NO. 7 )

PARTICULARS	AMOUNT
<i>Balance with other banks</i> <i>Money at call and short notice</i> <i>(short term loan given by bank to its</i> <i>Esteem customers)</i>	

# INVESTMENTS ( SCHEDULE NO. 8 )

PARTICULARS	AMOUNT
<i>Government securities</i> <i>Bonds</i> <i>Mutual funds</i> <i>Equity shares of other companies</i> <i>Gold etc.</i>	

# ADVANCES ( SCHEDULE NO. 9 )

PARTICULARS	AMOUNT
<i>Term loan</i> <i>Bank overdraft</i> <i>Cash credit and bill discount</i>	

# FIXED ASSETS ( SCHEDULE NO. 10 )

PARTICULARS	AMOUNT
<i>Premises</i>	
<i>Furniture</i>	
<i>Fixtures</i>	
<i>Equipments</i>	
<i>Land and building</i>	
<i>Plant and machinery</i>	
<i>motor vehicles</i>	
<i>Computers etc.</i>	

# OTHER ASSETS ( SCHEDULE NO. 11 )

PARTICULARS	AMOUNT
<i>Prepaid expenses</i>	
<i>Silver</i>	
<i>Non-banking asset</i>	
<i>Inter branch adjustment</i>	
<i>Accrued incomes</i>	
<i>Stamps in hand</i>	

# CONTINGENT LIABILITIES (SCHEDULE NO. 12 )

PARTICULARS	AMOUNT
<i>BR/ bills for collection</i>	
<i>Forward exchange transactions</i>	
<i>Future contracts</i>	
<i>Acceptance, endorsement and guarantee</i>	
<i>Liability for bill rediscounted</i>	
<i>Disputed liabilities</i>	
<i>Income tax under appeal</i>	
<i>Income tax deposits</i>	
<i>Claims not acknowledged as debt</i>	
<i>Liability for partly paid investments</i>	

# INTEREST EARNED ( SCHEDULE NO. 13 )

PARTICULARS	AMOUNT
<i>Interest on term loan</i>	
<i>Interest on cash credit</i>	
<i>Interest on bank overdraft</i>	
<i>Discount on bill discounted</i>	
<i>Income on investments</i>	
<i>Interest in balance with RBI</i>	
<i>Any other interest income</i>	



# OTHER INCOMES ( SCHEDULE NO. 14 )

PARTICULARS	AMOUNT
<i>Draft making charges</i> <i>Commission, exchange and brokerage</i> <i>Locker rents</i> <i>Dividends</i> <i>Profit on exchange transactions</i> <i>Transfer fees and registration fees</i> <i>Profit on sale of fixed assets</i> <i>Less:- loss on sale of fixed assets</i> <i>Profit on sale of investments</i> <i>less:- loss on sale of investments</i> <i>Profit on revaluation of fixes assets or</i> <i>Investments and miscellaneous incomes</i>	

# INTEREST EXPANDED ( SCHEDULE NO. 15 )

PARTICULARS	AMOUNT
<i>Interest on fixed deposits</i>	
<i>Interest on recurring deposits</i>	
<i>Interest on saving deposits</i>	
<i>Interest on borrowings from RBI and other banks</i>	
<i>Interest on any other deposit</i>	

# OPERATING EXPENSES ( SCHEDULE NO. 16 )

PARTICULARS	AMOUNT'
<i>Rent , rates and taxes</i> <i>Insurance , salary , director fee ,</i> <i>Management fee , printing and stationary ,</i> <i>Audit fee , depreciation , provident fund of</i> <i>employees,</i> <i>general expenses, law charges,</i> <i>Advertisement and publicity , repair and</i> <i>Maintenance , sundry charges etc .</i>	

# PROVISIONS AND CONTINGENCIES

PARTICULARS	AMOUNT
<i>Bad debts</i> <i>Provision for doubtful debts</i> <i>Provision for tax</i> <i>Provision for contingencies</i> <i>Provision for depreciation</i> <i>Other provisions</i>	

## Explanation of some terms relating to balance sheet

### **MONEY AT CALL AND SHORT NOTICE :-**

*This item appears on the assets side of a bank balance sheet and represents temporary loans to Bill Brokers and other banks. If the loan is given for one day, it is called 'money at call' and if the loan cannot be called back on demand and will require at least a notice of three days for calling back, it is called 'money at short notice'. It also includes deposits repayable within 10 days or less than 15 days notice lent in the inter bank call money market. The rate of interest on which money is lent fluctuate every day, sometimes very sharply ( more than 30 % ), depending on the demand and supply of money.*