

“Education for Knowledge, Science and Culture.”

Shikshanmaharshi Dr. Bapuji Salunkhe

Shri Swami Vivekanand Shikshan Sanstha's

VIVEKANAND COLLEGE, KOLHAPUR
(AUTONOMOUS)

Department of Commerce
Topic- Bank Final Account



Mr. Umesh Dhondiram Dabade
(M. Com. , M. Phil., SET, GDC&A, Ph. D. (Appeared)
Asst. Professor



Introduction :

Bank business in India is governed by the banking Regulation Act 1949, which came into force from 16th March 1949. As per section 2 of this Act, provisions of companies Act 1956, are also applicable to Banking companies. Bank is a commercial institution, licensed to accept deposits and acts as a safe custodian of the funds of its customers, banks are mainly concerned with receiving, collection, transferring, buying, lending, investing, exchanging, servicing money and claims to money both domestically and internationally. The principal activities of a bank are operating current accounts, receiving deposits, and advancing loans.

Meaning and Definition of Bank :

As per section 5(b) of the Banking Regulation Act 1949, 'banking' means the accepting, for the purpose of lending or investment, of deposits of money from the public repayable on demand or otherwise, and withdrawable by cheque, drafts, order or otherwise.



Statutory provisions of Banking Regulations Act :

1) Minimum Capital and Reserves

As per the section of 11 (2) of the Banking Regulation Act 1949, the aggregate value of paid up capital and reserves of a banking company in corporate outside India, shall not be less than 15 lakhs rupees, and it has a place of business in city of Mumbai or Calcutta, then it shall not be less than 20 lakhs rupees. It should be noted that such sum and 20% of the net profit of each year shall be kept deposited with Reserve Bank of India in cash or in the form of men cumbered approved securities, or partly in cash and partly in the form of such securities.

2) Restriction on commission, Brokerage etc. :

No banking company shall pay out directly or indirectly by way of commission, brokerage in any form in respect of shares issued by it, any amount exceeding 2.5% of paid up value of shares.

3) Statutory Reserve :

According to section 17 of the banking Regulation Act, 1949, every banking company incorporated in India shall create a reserve and transfer to it at least 20% of its annual profit before any dividend is declared.

4) Cash Reserve :

Every banking company not being a schedule bank, has to maintain a cash reserve of at least 3% of the total of its demand and time liabilities in India, as on last Friday of the Second proceeding fortnight.

5) Restrictions on loans and advances :-

No banking company shall, i) grant any loans or advances on the security of its own shares. ii) grant any loan or advances to any of its directors, or any of the firm in which any of its director is interested as partner, employee or manager.

6) Restriction on Payment of Dividend :

No banking company shall pay any dividend on its shares until all its capitalized expenses have been completely written off.

7) Books of Accounts :

Bank has to adopt a specialized system of book-keeping which will ensure reduced entry of numerous transactions and keep an internal check on the books of accounts. For this, bank generally maintain a large number of subsidiary and memorandum books in addition to principal books of accounts.

8) Final Accounts :

According to section 29 of the Banking Regulation Act, 1949, every banking company is required to prepare with reference to that year a balance sheet and profit and loss account on the last working day of the year in the Form 'A' and Form 'B' respectively as given in schedule III



FORM A
BALANCE SHEET
AS ON -----

Particulars	Schedule No	Previous Year Rs	Current Year (Rs.)
(I)Capital and Liabilities			
Capital	1		
Reserve and Surplus	2		
Deposits	3		
Borrowings	4		
Other liabilities and provisions	5		
Total(I)			
(II)Assets			
Cash in hand and Balance with R.B.I.	6		
Balance with other banks, money at call and Short Notice	7		
Investments	8		
Advances	9		
Fixed Assets	10		
Other Assets	11		
Total (II)			
Contingent Liabilities	12		
Bills for collection			

FORM B

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED -----

Particulars	Schedule No	Previous Year Rs	Current Year (Rs.)
I. Income			
Interest earned	13		
Other Income	14		
Total (I)			
II. Expenditure	15		
Interest expended	16		
Operating expenses			
Provisions and Contingencies			
Total (II)			
III. Profit/ Loss			
Profit /Loss brought forward (op. bal)			
Net profit/loss for current year. (I- II)			
Total			
IV. Appropriations			
20% transfer to Statutory Reserve			
Transfer to other reserves			
Proposed Dividend/Interim Dividend			
Balance carried over to Balance Sheet S.No-2			
Total			

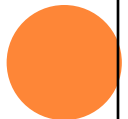
SCHEDULE NO. 1 - CAPITAL

Particulars	Previous Year Rs	Current Year (Rs.)
Authorised Capital shares of Rs.each . Issued Capital shares of Rs.each Subscribed Capital shares of Rs.each Called up capital shares of Rs.each Less : Calls in arrears Add : fortified shares		



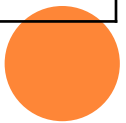
SCHEDULE NO. 2 - RESERVES & SURPLUS

Particulars	Previous Year Rs	Current Year (Rs.)
I. Statutory Reserves		
Opening Balance		
Additions during the year		
Deductions during the year		
II. Capital Reserves		
Opening Balance		
Additions during the year		
Deductions during the year		
III. Shares Premium		
Opening Balance		
Additions during the year		
Deductions during the year		
IV. Revenue and other Reserves		
Opening Balance		
Additions during the year		
Deductions during the year		
V. Balance in Profit and Loss Account		
Total (I+II+III+IV+V)		



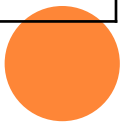
SCHEDULE NO. 3 - DEPOSITS

Particulars	Previous Year Rs	Current Year (Rs.)
<p>A. I. Demand Deposits i) From banks ii) From others II. Savings Bank Deposits III. Term Deposits (i) From banks (ii) From others Total</p> <p>(I+II+III)</p> <p>B. (i) Deposits of branches in India (ii) Deposits of branches outside India</p> <p style="text-align: right;">Total</p>		



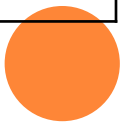
SCHEDULE NO. 4 - BORROWINGS

Particulars	Previous Year Rs	Current Year (Rs.)
<p>I. Borrowings in India</p> <p style="padding-left: 40px;">(i) Reserve Bank of India</p> <p style="padding-left: 40px;">(ii) Other banks</p> <p style="padding-left: 40px;">(iii) Other institutions and agencies</p> <p>II. Borrowing outside India</p> <p style="text-align: right;">Total (I + II)</p> <p>Secured borrowings included in I & II above Rs.</p>		



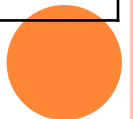
SCHEDULE NO. 5 - OTHER LIABILITIES AND PROVISIONS

Particulars	Previous Year Rs	Current Year (Rs.)
I. Bills payable II. Inter-office adjustments (net) (cr.) III. Interest accrued IV. Others (including provisions) <p style="text-align: right;">Total</p>		



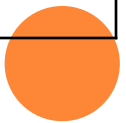
SCHEDULE NO. 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA

Particulars	Previous Year Rs	Current Year (Rs.)
Cash in hand (including foreign currency notes) Balances with RBI (i) in Current Account (ii) in Other Accounts <p style="text-align: right;">Total (I + II)</p>		



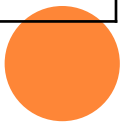
SCHEDULE NO. 7 - BALANCES WITH OTHER BANKS & MONEY AT CALL & SHORT NOTICE

Particulars	Previous Year Rs.)	Current Year (Rs.)
India		
I. Balances with banks		
(a) In Current Accounts		
(b) In other Deposit Accounts		
II. Money at Call and Short Notice		
(a) With banks		
(b) With other institutions		
Total		
Outside India		
(i) In Current Accounts		
(ii) In other Deposit Accounts		
(iii) Money at Call and Short Notice		
Total		
Total Grand Total (I + II)		



SCHEDULE NO. 8 - INVESTMENTS

Particulars	Previous Year Rs	Current Year Rs.
<p>I- Investments in India in</p> <ul style="list-style-type: none">(i) Government securities(ii) Other approved securities(iii) Shares(iv) Debentures and Bonds(v) Subsidiaries and/or joint ventures(vi) Others (to be specified) <p style="text-align: right;">Total</p> <p>II- Investments outside India in</p> <ul style="list-style-type: none">(i) Government securities (including local authorities)(ii) Subsidiaries and/or joint ventures abroad(iii) Other investments (to be specified) <p style="text-align: right;">Total Grand Total (I+ II)</p>		



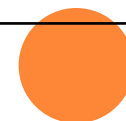
SCHEDULE NO. 9 - ADVANCES

Particulars	Previous Year Rs	Current Year Rs.
i) Bills purchased and discounted ii) Cash credits, overdrafts and loans repayable on demand iii) Term loans		
Total		
i) Secured by tangible assets ii) Covered by Bank/ Government guarantees iii) Unsecured		
Total		
C.I. Advances in India		
(i) Priority Sectors		
(ii) Public Sector		
(iii) Banks		
(iv) Others		
II. Advances Outside India		
(i) Due from banks		
(ii) Due from others		
(a) Bills purchased and discounted		
(b) Syndicated loans		
(c) Others		
Total		
Total Grand Total		



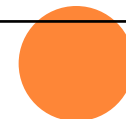
SCHEDULE NO. 10 - FIXED ASSETS

Particulars	Previous Year Rs	Current Year Rs.
<p>iI. Premises</p> <p>At cost an on 31st March of the preceding year</p> <p>Additions during the year</p> <p>Deductions during the year</p> <p>Depreciation to date</p> <p>II. Other Fixed Assets</p> <p>(Including furniture & fixtures)</p> <p>At cost as on 31st March of the preceding year</p> <p>Additions during the year</p> <p>Deductions during the year</p> <p>Depreciation to date</p> <p style="text-align: right;">Total (I + II)</p>		



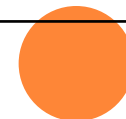
SCHEDULE NO. 11 - OTHER ASSETS

Particulars	Previous Year Rs	Current Year Rs.
I. Inter-office adjustment (net) II. Interest accrued III. Tax paid in advance /tax deducted at source IV. Stationery and stamps. V. Non - banking assets acquired in satisfaction of claims VI. Others. <p style="text-align: right;">Total</p>		



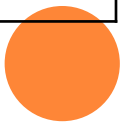
SCHEDULE NO. 12 - CONTINGENT LIABILITIES

Particulars	Previous Year Rs	Current Year Rs.
I. Claims against the bank not acknowledged as debts II. Liability for partly paid investments III. Liability on account of outstanding forward exchange contracts. IV. guarantees given on behalf of constituents (a) In India (b) Outside India V. Acceptances, endorsements and, other obligations VI. Other items for which the bank is contingently liable <div style="text-align: right;">Total</div>		



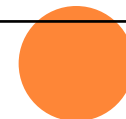
SCHEDULE NO. 13 - INTEREST EARNED

Particulars	Previous Year Rs	Current Year Rs.
Interest /discount on advances/bills Income on investments Interest on balances with Reserve Bank of India and other inter-bank funds Others <p style="text-align: right;">Total</p>		



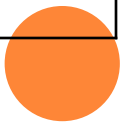
SCHEDULE NO. 14 - OTHER INCOME

Particulars	Previous Year Rs	Current Year Rs.
Commission, exchange and brokerage Profit on sale of investments Less : Loss on sale of investments Profit on revaluation of investments Less : Loss on revaluation of investments Profit on sale of land, buildings and other assets Less : Loss on sale of land, buildings and other assets Profit on exchange transactions Less : Loss on exchange transactions Income earned by way of dividends etc. from subsidiaries / companies and/or joint ventures abroad/in India Miscellaneous Income <p style="text-align: right;">Total</p>		



SCHEDULE NO. 16 - OPERATING EXPENSES

Particulars	Previous Year Rs	Current Year Rs.
I. Payment to and provisions for employees II. Rent, taxes and lighting III. Printing & Stationery IV. Advertisement & Publicity V. Depreciation on bank's property VI. Directors fees, allowances and expenses VII. Auditors fees and expenses (including branch auditors fees and expenses) VIII. Law charges IX. Postages, telegrams, telephones etc. X. Repairs and maintenance XI. Insurance XII. Other expenditure <p style="text-align: right;">Total</p>		



1) Depreciation on bank property :

If it is asked to charge on original cost but written down value of asset is given then add amount of depreciation to the W.D.V. for getting original cost of asset.

- a) Show the asset at its original cost in schedule No. 10 and deduct the total amount of depreciation from original cost.
- b) Show the amount of depreciation of current year in operating expenses schedule No. 16

2) Rebate on bills discounted / unexpired discount :

If it is given in trial balance - show in Schedule No. 5

if it is given for adjustment:-

- a) Deduct the amount of rebate from Interest and discount in Schedule No. 13
- b) Show the amount of rebate in other liabilities and provisions in Schedule No. 5

If it is overvalued then deduct from rebate amount and add in interest and discount in Schedule No. 13

If it is under - valued then add the amount in rebate and deduct from the interest and discount in Schedule-13

3) Provision for bad and doubtful debts :

Deduct the amount of provision from loans, cash credit and overdrafts in Schedule No. 9 and put the amount of provision in P & LA/c under the head provision

4) Provision for taxation :

Show the amount of provision for tax in profit & loss account (Form 'B') under provision or other provisions and show the same amount of Provision in Schedule No. 5 (other Liab. and Provisions)

5) Statutory Reserve :

To transfer to statutory reserve is a statutory provision and hence not clearly stated in adjustments: Therefore every year transfer 20% of current years profit to statutory reserve. Firstly add in statutory reserve in Schedule No. 2 and then show in appropriations (P & L A/c)

6) Acceptances, Endorsements on behalf of Customers :

It is a contingent liability and not actual liability hence it is shown only in Schedule No. 12 as it has no effect on tally of Balance Sheet.

7) Bills for Collection :

These are bill send by customers to bank for collection. These are not asset or liabilities of bank. Bank is just acting as an agent in this regard. It is shown outside the Balance Sheet just below the contingent liability.

8) Gold/Silver :