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SUB- FINANCIAL ACCOUNTING-III

B.COM- 4TH SEM

TOPIC – FINAL ACCOUNTS OF BANKING COMPANIES

SUBJECT TEACHERS

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DEFINITION

Section 5 of banking regulation act defines banking as “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, draft order or otherwise.

GENERAL INFORMATION

- *No banking companies 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 subscribed capital.*
- banking companies cannot charged upon its uncalled capital.*

FEATURES OF BANKING COMPANIES A/C SYSTEM

- *Entries in the personal ledger are made directly from vouchers.*
- *The general ledger 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.*

BOOKS REQUIRED

- *Current account ledger*
- *Loan ledger*
- *Receiving cashiers counter cash book*
- *Paying cashiers counter cash book*
- *Cash credit ledger*
- *Saving bank account ledger*
- *Bill discounted and purchased ledger*

ACCOUNTS ARE PREPARE

- *Bank prepare their accounts according to banking companies act 1949.*
- *The final accounts consists of following accounts*

Profit & loss account

Profit and loss appropriation account

Balance sheet

FORMAT OF BALANCE SHEET

<i>Particulars</i>	<i>Schedule no.</i>	<i>Amt</i>
<i>Capital</i>	<i>1</i>	
<i>Reserve and surplus</i>	<i>2</i>	
<i>Deposits</i>	<i>3</i>	
<i>Borrowing</i>	<i>4</i>	
<i>Other liabilities</i>	<i>5</i>	
<i>Total</i>		
<i>Cash in hand and with RBI</i>	<i>6</i>	
<i>Bal. With other bank and money at call and short notice</i>	<i>7</i>	
	<i>8</i>	
<i>Investments</i>	<i>9</i>	
<i>Advances</i>	<i>10</i>	
<i>Fixed assets</i>	<i>11</i>	
<i>Other assets</i>		
<i>Total</i>	<i>12</i>	
<i>Contingent liabilities</i>		

PROFIT AND LOSS ACCOUNT

<i>Particulars</i>	<i>Scheduled no.</i>	<i>Amt</i>
<i>Income:-</i>		
<i>Interest received</i>	<i>13</i>	
<i>Other income</i>	<i>14</i>	
<i>Total</i>		
<i>Expenditure:-</i>		
<i>Interest paid</i>	<i>15</i>	
<i>Operating expenses</i>	<i>16</i>	
<i>Total</i>		
<i>Provisions</i>	<i>--</i>	

SCHEDULE NO.1 CAPITAL

<i>Particulars</i>	<i>Amt</i>
<i>Equity share capital</i>	
<i>Preferential share capital</i>	
<i>Less: calls in arrears</i>	
<i>Add:: calls in advanced</i>	
<i>Add: share forfeiture</i>	

SCHEDULE NO.2 RESERVE AND SURPLUS

<i>Particulars</i>	<i>Amt</i>
<i>Statutory reserve</i>	
<i>General reserve</i>	
<i>Capital reserve</i>	
<i>Investment fluctuation reserve</i>	
<i>Workman compensation fund</i>	
<i>Building fund</i>	
<i>Depreciation fund</i>	
<i>Tax fund</i>	
<i>Capital redemption reserve</i>	

SCHEDULE NO. 4 BORROWINGS

<i>particulars</i>	<i>Amt</i>
<i>Borrowing from RBI</i>	
<i>Borrowing from other banks</i>	
<i>Borrowing in India or outside India</i>	

SCHEDULE NO.3 DEPOSITS

<i>particulars</i>	<i>amt</i>
<i>Fixed deposits</i>	
<i>Current account</i>	
<i>Saving deposits</i>	
<i>Other deposits except income tax deposits</i>	

SCHEDULE NO.5 OTHER LIABILITIES

<i>particulars</i>	<i>Amt</i>
<i>Bills payable'</i>	
<i>Outstanding expenses</i>	
<i>Unpaid dividend</i>	
<i>Income received in advanced</i>	
<i>Interoffice adjustment</i>	
<i>Reserve for unexpired discount</i>	

SCHEDULE NO.6
CASH IN HAND AND WITH RBI

<i>particulars</i>	<i>Amt</i>
<i>Cash with hand with bank</i> <i>Balance with RBI</i>	

SCHEDULE NO. 7
BALANCE WITH OTHER BANK AND MONEY AT CALL
AND SHORT NOTICE

<i>PARTICULARS</i>	<i>AMT</i>
<i>BALANCE WITH OTHER BANK MONEY AT CALL AND SHORT NOTICE (SHORT TERM LOAN GIVEN BY BANK TO ITS ESTEEM CUSTOMERS)</i>	

SCHEDULE NO. 8 INVESTMENT

<i>Particulars</i>	<i>Amt</i>
<i>Government securities</i>	
<i>Bonds</i>	
<i>Mutual fund</i>	
<i>Equity shares of other companies</i>	
<i>Gold.</i>	

SCHEDULED NO. 9 ADVANCES

<i>PARTICULARS</i>	<i>AMT</i>
<i>TERM LOAN</i> <i>BANK OVERDRAFT</i> <i>CASH CREDIT AND BILL DISCOUNTED</i>	

SCHEDULE NO. 10 FIXED ASSETS

<i>Particulars</i>	<i>Amt</i>
<i>Premises</i>	
<i>Fixture</i>	
<i>Furniture</i>	
<i>Equipment's</i>	
<i>Land and building</i>	
<i>Plant and machinery</i>	
<i>Motor vehicle</i>	
<i>Computer</i>	

SCHEDULE NO. 11

OTHER ASSETS

<i>Particulars</i>	<i>Amt</i>
<i>Unreceived interest</i>	
<i>Stationery and stamp</i>	
<i>Advanced tax paid</i>	
<i>Non banking assets</i>	
<i>Inter office adjustment</i>	

SCHEDULE NO. 12

CONTINGENCIES

Particulars	Amt
<i>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 deposits</i>	
<i>Claim not acknowledge as debt</i>	

SCHEDULE NO. 13

INTEREST EARNED

Particulars	Amt
<i>Interest on cash credit</i>	
<i>Interest on bank overdraft</i>	
<i>Discount on bill discounted</i>	
<i>Income on investment</i>	
<i>Interest in balance with rbi</i>	

SCHEDULE NO. 14 OTHER INCOME

<i>particulars</i>	<i>amt</i>
<i>Commission received</i>	
<i>Profit on sale of investment</i>	
<i>Profit and sale of non banking assets</i>	

SCHEDULE NO. 15 INTEREST PAID

<i>particulars</i>	<i>Amt</i>
<i>Interest on fixed deposits</i>	
<i>Interest on recurring deposits</i>	
<i>Interest on saving deposits</i>	
<i>Interest on borrowing from RBI</i>	

SCHEDULE NO. 16

OPERATING EXPENSES

<i>Particulars</i>	<i>Amt</i>
<i>Rent rates and taxes</i>	
<i>Insurance, salary, director fees</i>	
<i>Management fees</i>	
<i>Printing and stationery</i>	
<i>Audit fees and law charges</i>	
<i>General expenses</i>	
<i>Advertisement</i>	

PROVISION AND CONTINGENCIES

<i>Particulars</i>	<i>Amt</i>
<i>Bad debts</i>	
<i>Provision for doubtful debts</i>	
<i>Provision for tax</i>	
<i>Provision for contingencies</i>	
<i>Other provisions</i>	

ALL THE BEST

THANK YOU