

Patrician College of Arts and Science

DEPARTMENT OF COMMERCE– SHIFT 1

Subject : BANKER'S FINAL ACCOUNTS

Subject Code : CPZ4A

IV - Semester



Presented By:

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PROFIT & LOSS ACCOUNT FORMAT

Particulars	Schedule No	Amount
I. Income:		
Interest Earned	13	
Other Income	14	
	-----	-----
Total	-----	-----
II. Expenditure:		
Interest Expended	15	
Operating Expenses	16	
Provisions and Contingencies		-
	-----	-----
Total	-----	-----
III Profit/Loss:		
Net Profit for the Year		
Profit/Loss B/F from last year		
	-----	-----
Total	-----	-----
IV Appropriations:		
Transfer to Statutory Reserve		
Other Transfers		
Balance C/F to Balance Sheet		
	-----	-----
Total	-----	-----

SCHEDULE 13: INTEREST EARNED

Particulars	Amount Rs.
I. Interest on cash credits , loans, overdrafts	
II. Discount on Advances and Bills	
III. Income on Investment	
IV. Interest on Balances with other Banks including with RBI	
V. Others	

Total	-----

SCHEDULE 14: OTHER INCOME

Particulars

Amount Rs

- I. Commission, Exchange and Brokerage
- II. Rent Received
- III. Profit on Sale of Investment (-) Loss
- IV. Profit on Revaluation of Investments (-) Loss
- V. Profit on Sale of Land, Building and other Assets
- VI. Profit on Exchange Transactions (-) Loss
- VII. Income Earned by way of Dividend
- VIII. Miscellaneous Income

Total

SCHEDULE 15: INTEREST EXPENDED

Particulars	Amount Rs.
I. Interest on Deposits	
II. Interest Paid to RBI and other Banks	
III. Others	

	Total

SCHEDULE 16: OPERATING EXPENSES

Particulars	Amount Rs.
I. Staff and Employees 'Remuneration	
II. Rent, Taxes and Lighting	
III. Printing and Stationery	
IV. Advertisement and Publicity	
V. Depreciation on Fixed Assets	
VI. Directors' Fees, Allowances and Expenses	
VII. Auditors Fees and Expenses	
VIII. Law Charges	
IX. Postage, Telegrams, Telephone etc	
X. Repairs and Maintenance	
XI. Insurance	
XII. Other Expenditure	

Total	

BALANCE SHEET FORMAT- LIABILITIES SIDE

Capital and Liabilities	Schedule No	Amount
1. Capital	1	
2. Reserves and Surplus	2	
3. Deposits	3	
4. Borrowings	4	
5. Other Liabilities and Provisions	5	
	-----	-----
Total	-----	-----

BALANCE SHEET FORMAT-ASSETS SIDE

Assets	Schedule No.	Amount
1. Cash in Hand and Balance with RBI	6	
2. Balances with other banks, Money at Call and at Short Notice	7	
3. Investments		
4. Advances		
5. Fixed Assets	8	
6. Other assets	9	
	10	
	11	
Total		----- -----

SCHEDULE 1- CAPITAL

Particulars

Amount

Authorised Capital

-----Shares of Rs.....each

Issued & Subscribed Capital

.....Shares of Rs-----each

(-) Calls Unpaid/Calls in Arrears

Total

SCHEDULE 2: RESERVES & SURPLUS

Particulars	Amount
I. Statutory Reserve	
II. Capital reserve	
III. Securities Premium Account	
IV. Revenue and other Reserves	
V. Credit balance in Profit & Loss A/c	
Total	----- -----

SCHEDULE 3: DEPOSITS

Particulars	Amount
I. Demand Deposits:	
a. From Banks	
b. From Others	
II. Savings Bank Deposits	
III. Term Deposits	

Total	-----

SCHEDULE 4: BORROWINGS

Particulars	Amount
I. Borrowings in India: a. RBI b. Other Banks c. Other Institutions II. Borrowings Outside India	
Total	----- -----

SCHEDULE 5: OTHER LIABILITIES & PROVISIONS

Particulars

Amount Rs.

I. Bills Payable

II. Inter-Office Adjustments

III. Interest Accrued

IV. Others (including Provisions)

Total

SCHEDULE 6: CASH IN HAND AND WITH RBI

Particulars	Amount
I. Cash in Hand (including foreign exchange)	
II. Balances with Reserve Bank of India	
(a) In current account	
(b) in other account	

Total	

Schedule 7: Balances with Banks and Money at Call & at Short Notice

Particulars

Amount Rs.

I. In India:

(a) Balances with Banks:

- 1. Current Accounts**
- 2. Deposit accounts**

(b) Money at Call & at Short Notice

- 1. With Banks**
- 2. With other Institutions**

II. Outside India

- 1. Current Accounts**
- 2. Deposit Accounts**
- 3. Money at Call & at Short Notice**

Total

SCHEDULE 8: INVESTMENTS

Particulars	Amount Rs.
I. Investments in India	
1. Government Securities	
2. Other Approved Securities	
3. Shares	
4. Debentures and Bonds	
5. Investment in Subsidiaries	
6. Others	
II. Investments Outside India:	
1. Government Securities	
2. Investment in Subsidiaries/Joint Ventures	
3. Other Investments	-----
Total	----- -----

SCHEDULE 9: ADVANCES

Particulars		Amount Rs
1.	Bills Purchased and Discounted	
2.	Cash Credits, Overdrafts and Loans Repayable on Demand	
3.	Term Loans:	
	Secured by Tangible Assets	
	Secured by Bank/Government Guarantees	
	Unsecured	
4.	Advances in India:	
	a. Priority Sector	
	b. Public Sector	
	c. Banks	
	d. Others	
5.	Advances Outside India	

	Total	-----

SCHEDULE 10: FIXED ASSETS

Particulars	Amount Rs
I. Premises	
II. Building under Construction	
III. Other Fixed Assets	
	<hr/>
	Total
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SCHEDULE 11: OTHER ASSETS

Particulars	Amount Rs
I. Inter-Office Adjustments	
II. Interest Accrued	
III. Tax Paid in Advance/TDS	
IV. Stationery and Stamps	
V. Non-Banking Assets acquired in satisfaction of claims	
VI. Others	-----
Total	-----

SCHEDULE 12: CONTINGENT LIABILITIES

Particulars	Amount Rs.
I. Claims against the Bank not Acknowledged as Debt	
II. Liability for Partly Paid Investments	
III. Outstanding Forward Exchange Contracts	
IV. Guarantees Given on behalf of Customers	
V. Acceptances, Endorsement and other Obligations	
VI. Other Contingent Liabilities	

Total	-----

ITEMS PECULIAR TO BANKER'S BALANCE SHEET

Rebate on Bills Discounted: The amount of discount pertaining to the unexpired period

Treatment -As a Trial Balance Item: Should be shown on the liabilities side under the head, "Other Liabilities & Provisions" [Schedule 5]

As an adjustment Item:

a. Deduct it from Discount included in "Interest Earned" in the Profit & Loss Account [Sch. 13]

b. Show it on the Liabilities side under the head "Other Liabilities & Provisions" [Schedule 5]

INTER-BRANCH ADJUSTMENT

Transactions between the branches arising out of remittances create inter-branch indebtedness

It is shown as Inter-branch Adjustment

It is shown on the Assets Side of the Balance

Sheet, if it has a debit balance [Sch.No.11-Other Assets]

It is shown on the Liabilities side, if has a credit balance [Sch.5-Other Liabilities]

NON-BANKING ASSETS

Assets acquired by a Bank in the process of lending i.e., selling off the tangible property of the borrowers in case of default in the payment of loan or interest

Shown on the Assets side of the Balance Sheet
[Sch.No.11-Other Assets]

STATUTORY RESERVE

Sec 17-At least 25% of the profits prior to declaration of dividend must be transferred to Statutory Reserve

It should be done even if the problem does not make any mention of it

BILLS PURCHASED AND DISCOUNTED

These are bills of exchange purchased by the Bank from the customers or discounted by it. For the Bank, these are assets. The Bank holds them as Holder for Value and not as agents of the customers

They are part of Advances and hence shown under Schedule 9 on the Assets side of the balance Sheet

TRAVELLERS' CHEQUES

Cheques issued to the Travelling Customers against payment of cash. Any person can pay the money and request the Bank to issue TC. He can encash it at other branches or other banks. They are treated as Bills Payable and shown under Schedule 5 [Other Liabilities and Provisions]

TCs encashed given as adjustment should be treated as Deduction from Bills Payable on the Liabilities side and Cash in Hand on the Assets side

LETTERS OF CREDIT

Importers deposit money and get the LC issued to their name. On the basis of that, the customer can draw a Bill of Exchange and the Banker accepts it

Like TC, this is Bills Payable and hence shown under Schedule 5 [Other Liabilities and Provisions] on the Liabilities side of the Balance Sheet

BILLS FOR COLLECTION

These are Bills of Exchange received by the Bank from the customers as Agent for Collection. They are neither assets nor Liabilities

Hence they are shown as Footnote to the Balance Sheet by way of information

ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS

The bank undertakes certain liabilities on behalf of the customers like accepting a Bill of Exchange or endorsing it. As long as the customer is solvent, there is no problem for the banker. If the customer becomes insolvent, it becomes a liability for the banker. Therefore, it is a Contingent Liability and shown below the Balance Sheet as an information

PAYMENT OF DIVIDEND

A bank can pay dividend only after it writes off all the capitalized expenses [as shown under the heading, 'Miscellaneous Expenditure' in case of a joint stock company] like Preliminary Expenses

BAD DEBT AND RBD

They are treated in the same way as in the case of a joint stock company

Bad Debt is shown under Provisions and Contingencies under Expenditure in Profit and Loss A/c. New RBD is to be added to Bad Debt and the old RBD is to be deducted.

The New RBD is shown as a deduction from Advances on the Asset side of the Balance Sheet [Schedule 9]

PROVISION FOR TAXATION

New Provision for Taxation, given in the adjustment should be deducted from Interest and Discount in Schedule 13 in Profit and Loss Account and again shown under Other Liabilities and Provisions [Schedule 5]

Income Tax Paid, Old Provision and New Provision should be adjusted to Interest and Discount under Schedule 13-

The rule is $IT + \text{New Provision} - \text{Old Provision}$. Positive balance should be deducted and negative balance is to be added

ADVANCE INCOME TAX PAID

This is to be treated as any prepaid expense. It is shown under Assets side under the heading, " Other Assets [Schedule No.11]

TAX DEDUCTED AT SOURCE

TDS may have debit balance or credit balance

The debit balance shows the deduction made by others while paying the interest or dividend. It is shown under Other Assets [Schedule 11]

The credit balance indicates Tax Deducted by the Bank while crediting or paying the interest to others. It is a liability and hence shown under the heading ' Other Liabilities and Provisions' [Schedule 5]



Thank you

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