

CORPORATE ACCOUNTING

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UNIT-III

**Final accounts of banking companies (new format)
and Insurance companies (new Format)**

**From the following particulars, prepare a Profit and Loss A/c of
New bank Ltd., for the year ended 31.12.1996.**

	<i>Rs. (in '000)</i>		<i>Rs. (in '000)</i>
Interest on loans	260	Interest on cash credits	225
Interest on fixed deposits	280	Rent and taxes	20
Rebate on bills discounted	50	Interest on overdrafts	56
Commission charged to customers	9	Directors' and Auditor's fees	4
Establishment expenses	56	Interest on savings	
Discount on bills discounted	200	bank accounts	70
Interest on current accounts	45	Postage and telegrams	2
Printing and advertisements	3	Sundry charges	2

		Schedule No.	Year ended 31.12.96Rs.(in'000)
I. Income			
Interest earned		13	741
Other income		14	9
	Total		750
II. Expenditure			
Interest expended		15	395
Operating expenses		16	87
Provisions and contingencies			0
	Total		482
III. Profit/Loss:			
Net Profit for the year (I - II)	Total		268
Profit brought forward			0
			268
IV Appropriations:			
Transfer to statutory reserve (25% of 268)			67
Transfer to other reserves proposed dividend		--	0
Balance carried over to balance sheet (balance)			201
			268

Note : Transfer to statutory reserve is now increased to 25% of Net profit

Working notes:

Schedule 13 : Interest earned



		Rs. (in '000)
Interest on loans		260
Discount on bills discounted		200
Interest on cash credits		225
Interest on over drafts	Total	56
		<hr/>
		741
		<hr/>

Note: Rebate on bills is the closing rebate and it will be shown in schedule 5 in Balance Sheet |

Schedule 14 : Other income

Commission charged to	9
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Schedule 15 : Interest expended	9
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Interest on fixed deposits	280
Interest on current accounts Interest on savings bank accounts	45
	70
	<hr/>
Schedule 16 : Operating expenses	395
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Establishment expenses Printing and	56
Advertisements Rent and Rates Director's	3
and Auditor's fees Postage & Telegrams	20
	4
Sundry charges	2
	2
	<hr/>
	87
	<hr/>
Provisions and Contingencies	Nil

From the following information relating to Lakshmi Bank Ltd., prepare the Profit & Loss A/c for the year ended 31st December, 1987.



	Rs.		Rs.
Rent received	72,000	Salaries and allowances	2,18,800
Exchange and commission	32,800	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry charges	4,000
Interest on savings bank A/cs	2,72,000	Director's & Auditor's fees	16,800
Interest on overdrafts	2,16,000	Printing	8,000
Discount on bills discounted	7,80,000	Law charges	3,600
Interest on current accounts	1,68,000	Locker rent	1,400
Interest on cash credits	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans y	10,36,000



Profit & loss A/c for the Year ended

		<i>Schedule</i>	<i>Year ended</i>
		<i>No.</i>	<i>3st Dec.87 Rs.</i>
I.	<i>Income</i>		
	Interest earned	13	29,24,000
	Other income	14	1,09,000
	Total		30,33,000
II.	<i>Expenditure</i>		
	Interest expended	15	15,40,000
	Operating expenses	16	2,76,800
	Provisions and contingencies		<u>0</u>
			18,16,800
III.	<i>Profit/Loss</i>		12,16,200
	Net Profit for the year (I - II)		0
	Profit brought forward		<u>12,16,200</u>
IV.	<i>Appropriations</i>		3,04,050
	Transfer to statutory reserve (25% of net profit)		
	Transfer to other reserves		-
	Transfer to Government/proposed dividend		-
	Balance carried over to Balance Sheet(balance)		<u>9,12,150</u>
			12,16,200

Schedule 13 Interest earned

	Rs.
Interest on overdrafts	2,16,000
Discount on bills discounted	7,80,000
Interest on cash credits	8,92,000
Interest on loans	10,36,000
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	29,24,000
	<hr/>

Schedule 14 : Other Income

Locker rent ^v	1,400
Transfer fees	2,800
Exchange and commission ^y	32,800
Rent	72,000
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	1,09,000
	<hr/>

Schedule 15 : Interest expended

	Rs.
Interest on fixed deposits	11,00,000
Interest on savings bank accounts	2,72,000
Interest on current A/cs	1,68,000
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	15,40,000
	<hr/>

Schedule 16 : Operating expenses

Depreciation on bank property	20,000
Salaries and allowances	2,18,800
Postage	5,600
Sundry charges	4,000
Director's and Auditor's fees	16,800
Printing	8,000
Law charges	3,600
	<hr/>
	2,76,800
	<hr/>

.From the following information, prepare Profit and Loss Account of Swadesh Bank Ltd., for the year ended 31st December 1987

		Rs.('000)
Interest on fixed deposits		430
Interest on loans		650
Discount on bills discounted		415
Interest on over drafts		210
Interest on cash credits		410
Interest on savings bank deposits		125
Salaries and allowances		140
Rent, taxes, insurance and lighting		40
Locker rent		5
Repairs to bank property		2
Commission, exchange and brokerage		24
Directors's fees and allowances		25
Transfer fees		2
Provident fund contribution		12
Local committee fees and allowances		10
Audit fees		12
Printing and Stationery		4
Loss on sale of Government securities		5
Loss on sale of furniture		2
Postage and telegrams		2

Additional information:

- (i) Rebate on bills discounted on 31st December, 1986 Rs. 19,000**
- (ii) Rebate on bills discounted on 31st December 1987 Rs. 26,000.**
- (iii) Bad debts to be written off Rs. 40,000**
- (iv) Provide for taxation Rs. 50,000**

Profit & Loss A/C for the Year Ended

	Schedule No.	Year ended 31.12.1987 Rs. (in '000)
<i>I. Income:</i>		
Interest earned	13	1678
Other income	14	24
<i>II. Expenditure:</i>		
Interest expended	15	555
Operating expenses	16	264
Provisions and contingencies		90
		909
<i>III. Profit/Loss:</i>		
Net Profit for the year (I - II)		793
Profit brought forward		--
		793
<i>IV. Appropriations:</i>		
Transfer to statutory reserve (25% of 7,93,000)		198.25
Transfer to other reserves		--
Transfer to Government/proposed dividend		--
Balance carried over to Balance Sheet		594.75

Working notes:

Schedule 13 : Interest earned

		Rs. (in '000)
Interest on loans		650
Discount on bills discounted		415
Interest on overdrafts		210
Interest on cash credits		410
		<hr/> 1,685
Opening rebate on bills discounted		19
		<hr/> 1,704
Closing rebate on bills discounted		26
		<hr/> 1,678

Schedule 14 : Other income

		Rs. (in '000)
Locker rent		5
Commission, exchange and brokerage		24
Transfer fees		2
Loss on sale of Govt. securities	5000	31
Loss on sale of furniture	2000	7
		<hr/> 24

Schedule 15: Interest expended

Interest on fixed deposits	430
Interest on savings bank deposits	125
	555

Schedule 16 : Operating expenses

Salaries and allowances	140
Rent, taxes, insurance and lighting	40
Repairs to bank property	2
Director's fees and allowances	25
Provident fund contribution	12
Local committee fees and allowances	10
Audit fees	12
Printing and Stationery	4
Postage and telegrams	2
Depreciation	10
Advertisement	4
Legal charges	3
	264

Provisions and contingencies

Bad debts written off	40
Provision for taxation	50
	90

Schedule 15: Interest expended

Interest on fixed deposits	430
Interest on savings bank deposits	<u>125</u>
	<u>555</u>

Schedule 16 : Operating expenses

Salaries and allowances	140
Rent, taxes, insurance and lighting	40
Repairs to bank property	2
Director's fees and allowances	25
Provident fund contribution	12
Local committee fees and allowances	10
Audit fees	12
Printing and Stationery	4
Postage and telegrams	2
Depreciation	10
Advertisement	4
Legal charges	<u>3</u>
	<u>264</u>

Provisions and contingencies

Bad debts written off	40
Provision for taxation	<u>50</u>
	<u>90</u>