

# FINAL ACCOUNTS OF BANKING COMPANIES

1. Bills for collection will appear on ..... of the banks balance sheet?
2. Bank prepare the accounts for:  
 (a) Calender year      (b) Financial year      (c ) Diwali year
3. On 31<sup>st</sup> March 2006 a bill of Rs. 10 lakhs is discounted with a bank at 18% p.a. The due date of the bill is 30<sup>th</sup> April 2006. Pass journal entries.
4. Explain non-performing assets?
5. From the following information, prepare the profit and loss account of ABC Bank Ltd for the year ended 31<sup>st</sup> March 2004

Interest in loan	259000	Rent and taxes	18000
Interest on fixed deposits	275000	Interest on overdrafts	154000
Rebate on bill discount	49000	Directors fees	3000
Commission	8200	Auditors fees	1200
Establishment	54000	Interest on SB deposits	68000
Discount on bill discounted (net)	195000	Postage and telegram	1400
Interest on cash credit	223000	Printing and stationery	2900
Interest on current a/c	42000	Sundry charges	1700

Bad debt to be written off amounted to Rs. 40000. Provision for taxation may be made at 55%. Balance of profit from last year was Rs. 120000. The directors have recommended a dividend of Rs. 20000 for shareholders.

6. Banks are required to transfer..... of their profit to a statutory reserve.
7. A non banking asset is:  
 (a) an item of office equipment      (b) bank premises  
 (c ) secured property acquired from defaulting borrowers.
8. Calculate rebate on bill discounted  
 Date of the bill – 20.01.2006      Amount – Rs. 40000  
 Period of the bill – 5 months      Rate of discount -16%
9. Show by mean of imaginary figures the contingent liabilities in the balance sheet of a banking company?
10. The following figures are extracted from the books of the RPN Bank Ltd as on 31<sup>st</sup> March 2005

Interest and discount received	1847869	Interest paid on deposits	1016226
Commission and brokerage	100000	Profit on sale investment	100000

Rent received	27500	Salaries and allowances	15000
Rent and taxes paid	50000	Postage and telegram	25143
Depreciation on bank properties	15000	stationery	25000
Preliminary expenses	7500	Audit fees	2500

The following further information is given

(a) A customer to whom a sum of Rs. 500000 has been advanced has become insolvent and it is expected that only 50% can be recovered from his estate.

(b) There were also other bad debt for which a provision of Rs. 75000 was found necessary by the auditors.

(c) Rebate on bill discounted as on 31<sup>st</sup> March 2004 Rs. 6000. Rebate on bill discounted as on 31<sup>st</sup> March 2005 Rs. 8000.

(d) provide Rs. 325000 for income tax

(e) write off all the preliminary expenses.

Prepare profit and loss account in accordance with the law. Make necessary assumptions.

11. Name the system of preparing two vouchers for every transaction not involving cash
12. What is non banking assets?
13. What is NPA?
14. From the following details, calculate the amount of provision required to be made in the profit and loss account of a bank for the year 2011-12

<u>Assets:</u>	
Standard	160000
Substandard	120000
<u>Doubtful:</u>	
One year (secured)	48000
Two to three years	36000
More than three years secured by mortgage of machinery 10000	18000
Non receivable assets	30000

15. As on 31<sup>st</sup> March 2012, the books of Ashok Bank Ltd including among others had the following balances:  
 Rebate on bill discounted 1.4.2011 - 32000, Discount received - 460000, Bill discounted and purchased - 3154700, Throughout 2011-12, the bank rate for discounting has been 18%, On investigation and analysis, the average due date for the bill discounted and purchased is calculated as 15<sup>th</sup> May 2012. Calculate the amount to be credited to profit and loss account under discount earned for the year 2011-12. Also show the journal entry to adjust the above mentioned accounts.
16. The following are the figures extracted from the books of Asian Bank Ltd

as on 31.3.2012.

Interest and discount received	1250000	Salaries and allowances	360000
Interest paid on deposits	650000	Rent and taxes paid	24000
Commission, exchange and brokerage	240000	Directors fees and allowances	30000
Rent received	40000	Printing and stationery	12000
Profit on sale of investment	20000	Postage and telegram	5000
Loss on sale of investment	5000	Other expenses	4000
Audit fees	18000	Balance of profit as on 1.4.2011	240000

Other information:

- (a) provide Rs. 15000 for doubtful debts
- (b) provide Rs. 60000 for taxation
- (c) rebate on bill discounted as on 31.3.2011 Rs. 40000
- (d) provide for dividend Rs. 100000

17. What is meant by statutory reserve?

18. Give the schedule of advances of a banking company using imaginary figures.

19. Given below is the interest on advances of a commercial bank (Rs in lakh)

Particulars	Performing assets		Non-performing assets	
	Interest earned	Interest received	Interest earned	interest received
Term loans	300	150	140	10
Cash credit and OD	1400	1200	300	25
Bills purchased and discounted	300	200	100	30

Calculate the amount of interest to be recognised as income

20. Rebate on bill discounted is:

- (a) an earned income
- (b) an item of income
- (c) a liability
- (d) income received in advance

21. In the case of banking companies, assets which do not carry more than the normal risk attached to the business is called.....?

22. Explain loss assets?

23. Calculate rebate on bill discounted as on 31<sup>st</sup> March 2012 from the following data and show journal entries.

Date of bill	amount	Period	Rate of discount
10/01/12	25000	5 months	8.00%
05/02/12	15000	4 months	7.00%

20/02/12	20000	4 months	7.00%
15/03/12	30000	3 months	9.00%

24. From the following information prepare profit and loss account of the Thrifty Bank for the year ended 31<sup>st</sup> march 2012.

	Rs. '000'		Rs. '000'
Interest on loan	518	Sundry charges	2
Interest on cash credit	446	advertisement	1.4
Discount on bill discounted	390	Directors fees	6
Interest on overdrafts	108	Printing and stationery	0.4
Interest on saving bank deposit	220	Law charges	1.4
Interest on fixed deposits	554	Payment to employees	108
Commission, exchange & brokerage	16.4	Locker rent	0.7
Rent ,taxes and lighting	36	Transfer fees	1.4
Auditors fees	2.4	Depreciation on banks property	10
Postage and telephone	2.8		

Other information:

- (a) Rebate on bill discounted Rs. 98000
- (b) provide for doubtful debt Rs. 58000