

Problem No. 2
SUK April 2013

1. Following figures are extracted from the books of Tara Bank Ltd. as on 31-3-2010.

Particulars	₹
Interest on Loan -13	6,00,000
Interest on overdrafts -13	60,000
Discount on bills -13	3,04,000
Interest on cash credits -15	4,80,000
Commission 14	20,000
Exchange and brokerage -14	40,000
Interest on Fixed Deposits -15	5,50,000
Interest on Savings Bank Deposits -15	1,74,000
Salaries and Allowances	3,00,000
Postages, Telegram and Stamps	20,000
Sundry Expenses	20,000
Rent and Taxes	50,000
Directors Fees	60,000
Audit Fees	20,000

Additional information :

1. Rebate on bills discounted ₹ 60,000 - 13 - Less
2. Bad Debts ₹ 80,000
3. Provision for tax ₹ 68,000
4. Interest of ₹ 8,000 on doubtful debts was wrongly credited to Interest on Loan A/c. - 13 Less

From the above information prepare

(a) Necessary schedules required for profit and Loss Account. (8)

(b) Profit and loss account in prescribed form. (8)

Solution :

Tara Bank Ltd.

Profit & Loss Account for the year ended 31st March, 2010

Particulars	Schedule No.	Year ended as on 31-3-10 Rs.
(i) Income		
Interest Earned	13	8,96,000
Other Income	14	60,000
Total :		9,56,000
(ii) Expenditure		
Interest Expended	15	12,04,000
Operating Expenses	16	4,70,000
Provisions & Contingencies		1,48,000
Total :		18,22,000
Profit / Loss		
Net Loss		8,66,000

Problem No. 2 Solution

In the Books of Tara Bank Ltd.

Schedule 13 : INTEREST EARNED

Particular	Rs.	Rs.
1. Interest on Loan	6,00,000	
Less - Interest on doubtful debts	8,000	5,92,000
2. Interest on overdrafts		60,000
3. Discount on bills	3,04,000	
Less - Rebate on bills discounted	60,000	2,44,000
Total		<u>8,96,000</u>

Schedule 14 : OTHER INCOMES

Particular	Rs.	Rs.
1. Commission		20,000
2. exchange & brokerage		40,000
Total		<u>60,000</u>

Schedule 15 : INREREST EXPENDED

Particular	Rs.	Rs.
1. Interest On Cash credits		4,80,000
2. Interest on Fixed Deposits		5,50,000
3. Interest on Savings Bank Deposits		1,74,000
Total		<u>12,04,000</u>

Schedule 16 : OPERATING EXPENSES

Particular	Rs.	Rs.
1. Payment to Employees		3,00,000
2. Rent Taxes		50,000
3. Director Fees		60,000
4. Audit Fees		20,000
5. Postage and Telegram		20,000
6. Sundry Expenses		20,000
Total		<u>4,70,000</u>