

# Problem No. 4 With Solution

④ **Illustration 1** : From the following figures extracted as at 31<sup>st</sup> March, 2004 from the Books of Rohtas Bank Ltd., incorporated under the Companies Act 1956, you are required to draw up the Profit & Loss Account of the Bank for the year ended on 31<sup>st</sup> March, 2004. A provision of Rs. 16,500 for Bad & Doubtful Debts is also to be made.

Particulars	Rs.	Particulars	Rs.
Exchange (Credit)	17,000	Allowances to employees	32,080
Discount Earned	65,000	(excluding Rs. 5,000 to Managing Director)	
Interest on Customers' Deposits	70,900	Rent Received	20,200
Interest paid on borrowings	15,100	Rent paid	53,000
Salaries (Including Rs. 9,000 of Managing Director)	61,600	Brokerage earned	28,000
Taxes	10,000	Miscellaneous	
Insurance	15,330	Revenue Earnings	39,000
Lighting	5,000	Advertisements	15,000
Local Committee fees & Allowances	2,000	Stamps	2,500
Directors' Fees & Allowances	4,790	Postage & Telegrams	16,300
Law Charges	8,000	Repairs to Bank	1,000
Interest on Advances & Investments	2,39,500	Property Depreciation of Bank Property	12,000
Commission Earned	95,000	Loss on Sale of Govt. Securities	2,500
Stationery & Printing	3,000		
Other revenue Expenditure	40,300		

Salary to employee - 52,000  
 to M.D. - 9,000  
 Allow to emp. - 32,080  
 M.D. - 5,000  
 98,080

**Solution :**

Form 'B'  
**Profit & Loss A/c**  
 for the year ended 31-3-2004

Particulars	Schedule No.	Year Ended 31-3-2004 Rs.	Year Ended 31-3-2003 Rs.
<b>I. Income</b>			
Interest Earned	13	3,04,500	—
Other Income	14	1,96,700	—
<b>Total :</b>		5,01,200	—
<b>II. Expenditure</b>			
Interest Expended	15	86,000	—
Operating Expenses	16	3,13,900	—
Provisions and Contingencies		16,500	—
<b>Total :</b>		4,16,400	—
<b>III. Profit</b>			
Net Profit for the Year		84,800	—
Profit brought forward		—	—
<b>Total :</b>		84,800	—
<b>IV. Appropriations</b>			
Transfer to Statutory Reserve		16,960	—
Transfer to other Reserves			
Proposed Dividend			
Balance carried over to Balance Sheet		67,840	—
<b>Total :</b>		84,800	—

**SCHEDULE 13 : INTEREST EARNED**

Particulars	Year Ended 31-3-2004 Rs.	Year Ended 31-3-2003 Rs.
I. Interest/discount on advance bills (Net)	3,04,500	—
II. Income on Investments	—	—
III. Interest on balances with Reserve Bank and other inter-bank funds	—	—
IV. Others	—	—
<b>Total :</b>	3,04,500	—

### SCHEDULE 13 : INTEREST EARNED

Particulars	Year Ended 31-3-2004 Rs.	Year Ended 31-3-2003 Rs.
I. Interest/discount on advance bills (Net)	3,04,500	—
II. Income on Investments	—	—
III. Interest on balances with Reserve Bank and other inter-bank funds	—	—
IV. Others	—	—
<b>Total :</b>	<b>3,04,500</b>	<b>—</b>

### SCHEDULE 14 : OTHER INCOME

Particulars	Year Ended 31-3-2004 Rs.	Year Ended 31-3-2003 Rs.
I. Commission, Exchange & Brokerage	1,40,000	—
II. Profit on Sale of Investments		
<i>Less : Loss on Sale of Investments</i>	(-2,500)	—
III. Profit on Revaluation of Investments		
<i>Less : Loss on Revaluation of Investments</i>		
IV. Profit on Sale of land, Buildings & other Assets		
<i>Less : Loss on Sale of Land, Building &amp; other Assets</i>		
V. Profit on Exchange Transactions		
<i>Less : Loss on Exchange Transactions</i>		
VI. Income earned by way of Dividend etc. from subsidiaries / companies and / or Joint Ventures abroad / in India	39,000	—
VII. Miscellaneous Income		
VIII. Rent	20,200	—
<b>Total :</b>	<b>1,96,700</b>	<b>—</b>

[Note : Under items (II) to (V) Loss figures to be shown in brackets.]

### SCHEDULE 15 : INTEREST EXPENDED

Particulars	Year Ended 31-3-2004 Rs.	Year Ended 31-3-2003 Rs.
I. Interest on Deposits	70,900	—
II. Interest on Reserve Bank / inter-bank borrowing	15,100	—
III. Others	—	—
<b>Total :</b>	<b>86,000</b>	<b>—</b>

### SCHEDULE 16 : OPERATING EXPENSES

Particulars	Year Ended 31-3-2004 Rs.	Year Ended 31-3-2003 Rs.
I. Payment & Provisions for Employees	98,680	—
II. Rent, Taxes & Lighting	68,000	—
III. Printing & Stationery	30,000	—

IV. Advertisement & Publicity	15,000	—
V. Depreciation on Bank's Property	12,000	—
VI. Directors' Fees, Allowances & Expenses	6,790	—
VII. Auditors' Fees, & Expenses	—	—
VIII. Law Charges	8,000	—
IX. Postage, Telegrams, Telephones etc.	18,800	—
X. Repairs & Maintenance	1,000	—
XI. Insurance	15,330	—
XII. Other Expenditure	40,300	—
<b>Total :</b>	<b>3,13,900</b>	<b>—</b>