

# SPECIAL ACCOUNTING

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# ACCOUNTS OF BANKING COMPANIES

# Banking Companies

Section 5(b) of the Banking Regulation Act, 1949 defines Banking as "accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise"

# Special Terms :

- Non performing Assets: A non performing asset (NPA) is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days. Banks are required to classify NPAs further into Substandard, Doubtful and Loss assets.

# STATUTORY RESERVE(SEC.17)

Statutory Reserve is a reserve compulsorily kept every year out of current year profit as per section 17 of the Banking Regulation Act 1949.

Current statutory reserve rate: 19.5%

# CASH RESERVE RATIO (CRR) (SEC.18)

In order to ensure liquidity and at the same time to provide an opportunity to earn profit, banks are required to maintain certain percentage of their total deposits (time deposit and demand deposit) with the central bank. It is called 'cash reserve'

Current CRR 4%

# STATUTORY LIQUIDITY RATIO (SLR) (SEC.24)

The bank should maintain in cash, gold and unencumbered approved securities, an amount not less than 25% of its demand and time liabilities in addition to the cash reserve requirement. 19.5%

# CONTINGENT LIABILITIES

Not an actual liability but which will become an actual one on the happening of some event which is uncertain



# Statutory Books

Statutory books

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graph TD; A[Statutory books] --> B[Book section]; A --> C[Ledger and register section];
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Book  
section

Ledger and  
register  
section

# BOOK SECTION



Rough cash book

Fair cash book

Cash balance book and day book

# Ledger Sections



Current account ledger

Savings bank ledger

Fixed deposit ledger

General ledger

# REGISTER SECTION



Bills for collection register

Securities register

Document register

Cheque dishonoured register

# Slip system of ledger posting

Method of rapid posting in the books maintained under double entry system.

Posting is done from slips not from journals or cash book.

Slips are loose leaves of journals supplied by customers or by the bank staff.

# FINAL ACCOUNTS

BALANCE SHEET

PROFIT AND LOSS A/C