

TIME ALLOTTED 30 MINS

QUESTION 1 5 MARKS

Given below are details of interest on advance of a Solution Bank as on 31.03.2024: (In Crore)

Particulars	Interest Earned	Interest Received
Performing Assets:		
Term Loan	60	40
Cash Credit and Overdraft	375	310
Bills Purchased and Discounted	75	75
Non-Performing Assets:		
Term Loan	37.50	2.50
Cash Credit and Overdraft	75	6
Bills Purchased and Discounted	50	10

Compute the income to be recognized for the year ended 31st March,2024.

QUESTION 2 7 MARKS

From the following information compute the amount of provisions required to be made in the Profit &

Loss Account of a Solution Bank for the Year ended 31st March,2024.

i. Credit outstanding for `40 lakhs against which the Bank holds securities worth `10 lakhs.50% of the above advance is covered by ECGC. The above advance has remained doubtful for more than 3years.

ii. Other Advances: -

Particulars `	In lakhs
Standard	1250
Sub-Standard	900
Doubtful:	
For one year	375
For two year	300

For three year	250
For more than 3 years	175
Loss assets	300

QUESTION 3 10 MARKS

The following details are extracted from the books of Neo Bank Ltd, a Commercial bank as on 31st March,2024:

Particulars	Amount in ` Lakh
Interest and discount received	195
Interest paid on deposits	102
Issued and subscribed capital	50
Salaries and allowances	10
Directors fee and allowances	1.5
Rent and taxes paid	4.5
Postage and telegrams	3
Statutory reserve fund	40
Commission, exchange and brokerage	10
Profit on Exchange Transaction	3.5
Profit on sale of investments	10.5
Depreciation on bank's properties	1.5
Law charges	2
Audit fee	0.5

The following further information is given:

i. A customer to whom a sum of `50 lakhs has been advanced, has become insolvent and it is expected

only 50% can be recovered from his estate.

ii. There were also other debts for which a provision of `7.50 lakh was found necessary by the auditors.

iii. Rebate on bills discounted on 31.03.2023 was `60,000 and 31.03.2024 was `80,000.

Profit and Loss account of Neo Bank Ltd for the year ended 31/03/2024:

Particulars	Sch. No	Amount in ` Lakh
I. Income:		
Interest and Discount Earned	13	194.80
Other Income	14	24.00
Total		218.80
II. Expenditure:		
Interest Expensed	15	102.00
Operating Expenses	16	23.00
Provision and Contingencies WN	1	65.00
Total		190.00
III. Net Profit:		
Net Profit for the Year (I – II)		28.80
Profit / Loss brought forward	0.00	
Total		28.80
IV. Appropriations:		
Transfer to Statutory Reserve (28.80 × 25%)		7.20
Transfer to Other Reserve		0.00
Proposed Dividend (50 × 10%)		5.00
Balance Carried forward to Balance Sheet (B/f)		16.60
Total		28.80

- iv. Provided `32.50 lakh for Income Tax.
- v. The directors desire to declare 10% dividend.
- vi. Provide 25% for Statutory Reserve.
- vii. Profit & Loss Account as on 31.03.2024 was NIL.

Required:

Prepare Profit and Loss Account of Neo Bank Ltd. for the year ended March 31,2024.