



**NATIONAL BANK FOR AGRICULTURE AND
RURAL DEVELOPMENT**

*Department for Cooperative Revival and Reforms
Head Office, Mumbai.*

**Manual on
Common Accounting System (CAS)
for
Primary Agricultural Credit Societies
(PACS)**

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1 INTRODUCTION

1.1 Background:

As envisaged under the Revival Package of GoI, NABARD in collaboration with GTZ has devised a Simplified, Standard and Common Accounting System(CAS) for PACS. While designing the Common Accounting System for PACS, the existing systems and practices of accounting of the PACS in a number of states have been studied both under manual and computerised systems having regard to the nature and scale of business, prudential norms and best practices in accounting and their relevance to computerization and discussions held with various stakeholders such as State Cooperative Banks, District Central Cooperative Banks, Dept of Cooperative Audit, Registrar of Cooperative Societies and the Training Institutes of Cooperatives. In line with the “CAS” prepared for “PACS”, this operational Accounting Manual (“AM”) is prepared to guide PACS in accounting for transactions under “Double Entry System Of Accounting” as per “Accrual basis”.

The major components of CAS are :

- i) Applicability of universally accepted basic concepts and principles in the maintenance of accounts by the PACS.
- ii) Adoption of standard financial statements, viz., Balance Sheet, P&L A/c and Trading A/c.
- iii) List of a common set of General Ledger Heads of Account compatible with financial statements; and
- iv) Maintenance of minimum essential and Standard Books of Accounts

1.2 Purpose:

This manual deals with accounting entries to be passed at various stages along with the formats of necessary records. While the basic accounting system along with formats for main registers, subsidiary registers, day books, basic reports etc. have been dealt by “CAS”, this manual serves as an operational guide to PACS in Book-keeping.

This manual read with “CAS” aims at :

- i) Preparation and processing of accounting transactions, and
- ii) Providing assurance that similar transactions will be accounted for consistently.
- iii) Transactions are accounted consistently and financial statements are comparable from period to period.
- iv) Clear understanding of book-keeping under “Double Entry system of accounting” under “Accrual Basis”.

2. CHART OF ACCOUNTS¹

Chart of Accounts is a listing of the names of the accounts that an organization has identified and made available for recording transactions in its books. The following chart is designed under “CAS” for PACS to:

- i) Ensure uniformity and common understanding of accounts;
- ii) Guide in the installation of accounting and internal control systems;
- iii) Enhance transparency; and
- iv) Facilitate the analysis and evaluation of financial and management performance, monitoring, supervision and business linkages.

CAPITAL

1. Paid up Capital – Individual
2. Paid up Capital – Government
3. Paid up Capital - Others

RESERVES, FUNDS AND GRANTS

1. Reserve Fund
2. Capital Reserve
3. Agriculture Credit Stabilization Fund
4. Dividend Equalization Fund
5. Building Fund
6. Common Good Fund
7. Balance in Profit and Loss Account
8. Subsidy meant for Society
9. Subsidy meant for Members
10. Recapitalisation Assistance Fund – Contribution from GoI
11. Recapitalisation Assistance Fund – Contribution from State Govt.
12. Provident Fund
13. Other Grants

DEPOSITS

1. Saving Deposit
2. Recurring Deposit
3. Fixed Deposits
4. Reinvestment Deposits
5. Other Deposits

BORROWINGS FROM DCCBs/SCB

1. ST (SAO) / KCC Credit Limit
2. MT/LT Agri Loans
3. MT Conversion
4. MT/LT Reschedulement

¹ Adopted from Common Accounting System

5. SHG Loans
6. Non Farm Sector Loans
7. Fertilizer Cash Credit Limit
8. Seeds Cash Credit Limit
9. Cash Credit Limit for Agriculture Produce
10. Cash Credit Limit for Gold Loans
11. Public Distribution Scheme CC Limit
12. Consumer Commodities CC Limit
13. Other Non Credit Activities
14. Loans against Deposits with DCCB / SCB
15. Other Borrowings from DCCB / SCB (to be specified)
16. Borrowings from State Government
17. Borrowings from Other Institutions (other than DCCB/SCB/State Govt.)

CONTRA ITEMS

1. Bills for Collection (Being Bills Receivable as per Contra)

BRANCH ADJUSTMENT ACCOUNT (Applicable to PACS that have more than one branch)

OTHER LIABILITIES

1. Interest Accrued on Deposits
2. Interest Accrued on Borrowings
3. Unclaimed Dividend
4. Sundry Creditors
5. Other Liabilities.

PROVISIONS

1. Provision for PF / Gratuity / Bonus / Pension
2. Provision for Standard Assets
3. Provision for NPAs – Sub-Standard Assets
4. Provision for NPAs – Doubtful Assets
5. Provision for NPAs – Loss Assets
6. Overdue Interest Reserve
7. Provision for overdue interest on investments
8. Provision for outstanding Expenses
9. Provision for Sundry Debtors for Credit Sales
10. Provision for Sundry Debtors (Others)
11. Provision for Depreciation in the value of Investments
12. Other Provisions

ASSETS

CASH AND BANK BALANCES

1. Current Account with DCCB/SCB
2. Current Account with other banks
3. Saving Bank Account with DCCB/SCB
4. Saving Bank Account with Other Banks/Institutions

INVESTMENTS

1. Government and Trustee Securities
2. Shares in Other Cooperative Institutions
3. Term Deposits with SCB / DCCB representing Reserve Fund
4. Term Deposits with DCCB / SCB (other than Reserve Fund)
5. Term Deposits with other banks
6. NSC / KVP
7. Staff PF balance with PF Trust / as deposit with Banks
8. Other Investments

LOANS AND ADVANCES

1. ST (SAO) Loans / KCC Loans
2. Medium Term / Long Term Agricultural Loans
3. MT Conversion Loans
4. MT /LT Reschedulement
5. Loans against pledge of agriculture produce
6. SHG Loans
7. Non-Farm Sector Loans
8. Loans against Deposit
9. Loans for Consumer Durables
10. Gold Loans
11. Loans to Staff Members
12. Other Loans

CLOSING STOCKS

1. Agricultural Inputs – Fertilisers
2. Agricultural Inputs – Seeds
3. Agricultural Inputs - Pesticides
4. Public Distribution System Commodities
5. Non-PDS Consumer Items
6. Food grains and other Commodities under Procurement Scheme
7. Materials under Mid-day Meals Scheme
8. Other stocks / goods / Work in Progress

FIXED ASSETS

1. Land and Buildings including Go downs
2. Furniture and Fixtures
3. Computers and Electrical Installations
4. Vehicles
5. Other Fixed Assets

OTHER ASSETS

1. Interest Accrued but not due on Standard Loans
2. Interest accrued but not due on NPA Loans
3. Overdue interest receivable
4. Interest receivable on Investments.
5. Tax Deducted at Source.
6. Sundry Debtors for credit sales.
7. Sundry Debtors for others
8. Deposits with Agencies/Parties
9. Prepaid Expenses
10. Misc. Income receivable.

PROFIT AND LOSS ACCOUNT

A. EXPENDITURE :

1. Interest on Deposits
2. Interest on Borrowings from DCCB / SCB²
3. Interest on Loans availed from State Government
4. Interest on Borrowings from others

ESTABLISHMENT AND OTHER EXPENSES

1. Salary and Allowances (including Contribution to PF, Bonus, Gratuity and Pension Fund)
2. Management expenses (expenditure relating to board meetings etc)
3. Rent, Taxes, Electricity
4. Repair Costs of Premises
5. Insurance
6. Law charges
7. Postage and telephone charges
8. Printing and Stationery
9. Audit Fees
10. Vehicle expenses
11. Travelling & Conveyance expenses
12. Donations and Subscriptions
13. Depreciation on properties

² Applicable to PACS under two-tier system

14. Depreciation in value of investments
15. Other expenses
16. Provisions for Standard assets
17. Provisions for Sub standard assets
18. Provisions for Doubtful Assets (loans)
19. Provisions for Loss Assets (loans)
20. Provisions for Bad and Doubtful Debts (Others)
21. Provisions for Bad and doubtful debts (credit sales)
22. Provisions for Overdue Interest on loans
23. Provisions for Overdue interest on investments
24. Provisions for depreciation in value of investments
25. Other Provisions

PROFIT AND LOSS ACCOUNT

B. INCOME

1. Interest on Loans and Advances
2. Dividend on Investments
3. Interest on deposits with banks/institutions.
4. Rental Income
5. Admission Fees
6. Other Miscellaneous Income (Locker Rent, Fee-based Income, Custom hiring etc.)

TRADING ACCOUNT

1. Purchase of Fertilizers
2. Purchase of Seeds
3. Purchase of Pesticides
4. Sale of Fertilizers
5. Sale of Seeds
6. Sale of Pesticides
7. Purchase of PDS Commodities
8. Sale of PDS Commodities
9. Purchase of Non-PDS Commodities
10. Sale of Non-PDS Commodities
11. Purchase of Food grains and other Commodities under Government Procurement Scheme
12. Sale of Food grains and other Commodities under Government Procurement Scheme
13. Purchase of Food grains and other items under Mid-day Meal Scheme
14. Sale of Food items under Mid-day Meal Scheme
15. Transport/ other expenses on Purchase of Fertilizers
16. Transport/ other expenses on Purchase of Seeds
17. Transport/ other expenses on Purchase of Pesticides
18. Transport/ other expenses on Purchase of PDS Commodities

19. Transport/ other expenses on Purchase of Non-PDS Commodities
20. Transport/ other expenses on Purchase of Food grains and other Commodities under Government Procurement Scheme
21. Transport/ other expenses on Purchase of Material under Mid-day Meal Scheme
22. Salary of Salesman/Manufacturing Wages
23. License Fee
24. Gunny Bag Sales
25. Impairment in Stocks
26. Factory Expenses
27. Commission
28. Compensation
29. Other Trading Income
30. Purchase Returns
31. Sales Returns

Note:

- (i) Branch Adjustment A/c (Debit Balance) will appear on the asset side
- (ii) Subsidy meant for members (at Sr.No.9 under Reserves and Grants') is in the nature of Outside liability.
- (iii) P & L Account (Debit balance, i.e., loss / accumulated losses) will appear on assets side of the balance sheet
- (iv) Bills for Collection (being bills receivable as per contra) will appear on both sides of the balance sheet.
- (v) Insurance, rent and interest expenses may be segregated between Trading A/c and Profit & Loss A/c as per the nature of the transaction.
- (vi) If the society mobilises the deposits other than those indicated at Sr. No. 1 to 4 under deposits, same may be shown under 'other deposits'.

3. BASIC RECORDS TO BE MAINTAINED BY PACS

The following records/registers have been recommended under “CAS” for “PACS”.

S. No.	Main P&L / BS Head	Registers/day books/ledgers	Other control registers not linked to financial statements
1.	Share Capital	<ul style="list-style-type: none"> ▪ Share capital ledger. 	<ul style="list-style-type: none"> ▪ Membership registers
2.	Deposits	<ul style="list-style-type: none"> ▪ Savings Account Ledger ▪ Fixed Deposit Ledger ▪ Recurring Deposit Ledger ▪ Reinvestment Deposit Ledger ▪ Monthly interest payment register 	<ul style="list-style-type: none"> ▪ Accounts Opened and Closed register ▪ Due Date Register ▪ Maturity register for term, recurring and reinvestment deposits ▪ Inoperative Accounts Register
3.	Borrowings	<ul style="list-style-type: none"> ▪ Borrowings ledger 	<ul style="list-style-type: none"> ▪ Due date Register
4.	Cash & Bank balances	<ul style="list-style-type: none"> ▪ Cash book, Bank book 	-
5.	Investments	<ul style="list-style-type: none"> ▪ Investment Ledger 	- Maturity Register
6.	Loans & Advances	<ul style="list-style-type: none"> ▪ Loan Ledger (Short Term Crop Loans, Kisan Credit Card, Demand Loans, Loans against Deposit etc.) ▪ Loan Ledger (Medium Term, Long Term) ▪ Gold Loan Ledger ▪ Produce Pledge Loan Ledger ▪ Loan Disbursement Register 	<ul style="list-style-type: none"> ▪ Gold Stock Register ▪ Pledged Stock Register ▪ Index of Direct and Indirect Liability (Optional) ▪ Acknowledgement of Debt Register ▪ Suit Filed Register ▪ DCB and overdue / NPA register ▪ Insurance policy register
7.	Fixed Assets	<ul style="list-style-type: none"> ▪ The Furniture, Fittings, Office Equipment and Other Movable Assets register. ▪ Land & building register ▪ Depreciation chart 	-
8.	Sundry debtors & creditors	<ul style="list-style-type: none"> ▪ Sundry debtors & creditors ledger 	- Individual / agency wise debtor and creditor Ledger
9.	Inventory	<ul style="list-style-type: none"> ▪ Stock Register 	-
10.	Purchases & sales	<ul style="list-style-type: none"> ▪ Purchases & sales registers 	-
11.	Locker rent	<ul style="list-style-type: none"> ▪ Safe deposit locker operation register 	-

Formats of control registers which are not indicated in the CAS circular No. 152 A dated 18 May 2007 are furnished below:

Inoperative Deposit Accounts Register: The Register may be maintained in the following format in respect of accounts not operated for more than three years.

Sr.No.	Name of depositor	Account No.	Balance (Rs.)	Date of last operation	Remarks	Initials
1	2	3	4	5	6	7

Borrowings – Due Date Register:

Sr.No.	Name of agency / Bank	Amount borrowed (Rs.)	Purpose	GL Folio No.	Due date for repayment	Date of repayment	Remarks	Initials
1	2	3	4	5	6	7	8	9

Investment – Maturity Register:

Sr.No.	Details of investment	GL Folio No.	Amount (Rs.)	Date of maturity	Date of realisation	Remarks	Initials
1	2	3	4	5	6	7	8

SUIT FILED REGISTER

S.No.	Name of borrower	Ledger folio No.	Purpose	Date of loan	Amt. of loan (Rs.)	Overdue amount (Rs.)	Overdue interest (Rs.)	Date of overdue	Particulars of legal action	Remarks
1	2	3	4	5	6	7	8	9	10	11

- (i) The above register may be maintained broad purpose-wise (i.e., (a) ST (Agri), (b) ST (non-Agri) (c) TL (Agri) (d) TL (Non Agri)
- (ii) Under broad purposes, details may be given separately in respect of (i) arbitration cases (ii) decree obtained (iii) EPs filed

DEMAND COLLECTION AND BALANCE REGISTER

For the period ending 31 March / 30 June -----

(Amt. Rs.'000)

S. No.	Type of Loan	Principal						Percentage of Collection to Demand under Principal (col. 6 / col. 5) %	Interest					
		Demand			Collection		Balance (col.5 - col.6)		Demand			Collection		Balance (Col. 12 - Col. 13)
		Arrears	Current (including advance repayment)	Total (col. 3 + col.4)	Total	Of which repaid in advance			Arrears	Current	Total (Col. 10 + Col.11)	Total Collection	Of which repaid in advance	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
I	Short - Terms													
1	ST (Agrl) (including KCC)													
2	ST (Non Agrl)													
3	Total (1 + 2)													
II	Medium Term / Long Term													
1	MT / LT Agriculture													
2	MT / LT (Conversion / Rephasement / Reschedulement)													
3	MT / LT (Non Agrl)													
4	SHGs													
5	Others													
6	Total (1 to 5)													
III	Grand Total (3 + 6)													

OVERDUE / NPA REGISTER

As on 31 March -----(year)

Sr.No.	Name of borrower and A/c No.	Ledger Folio No.	Purpose	Date of loan disbursement	Amount of loan (Rs.)	Loan outstanding (Rs.)	Date of overdue	Security available	Remarks
1	2	3	4	5	6	7	8	9	10

- (i) The above register is required to be maintained separately for each type of loan
- (ii) Under each type of loan, register may be maintained (period-wise viz., overdue below 1 year, 1 to 3 years, 3 to 4 yrs., 4 to 6 yrs., over 6 years and also for Loss Assets)

Individual Debtor and Creditor Ledger

Name of the Debtor / Creditor

Date	Folio No. of Day Book	Particulars	Debit (Rs.)	Credit (Rs.)	Balance (Rs.)	Initials
1	2	3	4	5	6	7

Note: Control Registers are required to be maintained as per requirement of the Society.

4. BASIC ACCOUNTING PRINCIPLES AND POLICIES³

4.1 "An accounting system is a series of tasks in an entity by which transactions are processed as a means of maintaining financial records. Such a system should recognize, calculate, classify, post, analyze, summarize and report transactions." An accounting system should lead to proper recording of transactions entered into by the business during the period of the accounts and drawing up the final statements viz., the Balance Sheet and Profit Loss Account, such that these exhibit truly and fairly the profitability and the financial position of the business to which they relate.

4.2 The preparation and presentation of financial statements under the Common Accounting System are based on certain fundamental accounting assumptions. The following are the generally accepted accounting assumptions and conventions:

- i) *Going Concern* - The society is viewed as a business concern that will continue its operations in the foreseeable future. This implies that the entity does not intend to, nor will it be necessary to, materially curtail the scale of its operations or be liquidated in the foreseeable future.
- ii) *Consistency* - It is assumed that the accounting policies adopted are consistent from one period to another.
- iii) *Accrual* - Revenues and costs are recognized as they are earned or incurred and not as money is received or paid, and are recorded in the accounting records and reported in the financial statements of the periods to which they relate.
- iv) *Timely recognition in Accounting Records* – Accounting transactions should be recorded on a timely basis so that all material information applicable to each accounting period will be shown in the records. To properly recognize in accounting records and financial reports the reasonable value of assets, liabilities, equity and revenues and expenses, each society should make provision for losses that may be sustained in the collection or conversion of loans and other assets by charges against current operations.
- v) *Transparency and disclosure* – This requires that the members of the society and other users of the financial statements should be informed of the material and relevant information about financial affairs of the society either through the financial statements or in the notes that accompany the statements or supplementary schedules.

If any of the accounting assumptions do not hold good in the preparation of the financial statements the same must be specifically disclosed.

4.3 PACS is a business entity undertaking both credit and non-credit business. Non-credit business of the PACS are divided into five broad groups depending upon the nature of activities and materials the PACS deal in. These groups are for trading in:

- i) Agricultural inputs
- ii) PDS commodities
- iii) Non-PDS consumer items

³ Adopted from Common Accounting System

- iv) Foodgrains and other commodities under Govt. Procurement Scheme.
- v) Socially relevant schemes like Mid-day Meal Scheme.

But in reporting all business transactions of the PACS, the intention is to exhibit a true and fair picture of the profitability and financial position of the business. This calls for a sound system of keeping of accounts to record all transactions in proper manner.

4.4 Double entry system – Every business transaction involves the transfer of money (or money’s worth) from one account to another and thus the transfer necessarily involves two accounts in ‘opposite’ directions. The double entry system of book keeping records both the aspects of every transaction and therefore follows the rule that every debit must have a corresponding credit and vice versa. This rule helps to check the arithmetical accuracy of records by preparing the ‘trial balance’ statement’. Accounts maintained under the single entry system record only one aspect of the transaction and the record is therefore incomplete. Certain rules must be observed in recording transactions under the double entry system. The two elements of every transaction must be grouped under three types of accounts and each type of account has its rules for recording the debit and the credit aspect of the transaction. The two principal types of accounts are (i) Personal Accounts and (ii) Impersonal Accounts. Impersonal Accounts are sub divided into a) Real or Asset Accounts and b) Nominal Accounts. Personal Account contains a record of transactions with a 'person' that could be an individual, group, society, bank etc. Real Accounts are accounts of properties or assets and contain a record of purchases and sales of the properties or assets, like land, building, goods, cash etc. Nominal accounts are accounts of expenditure and income and record gains and losses. The accounting rules to be followed for the three types of accounts are:

Type of Account	Rules of entry	
	Debit	Credit
Personal	Receiver	Giver
Real	What comes in	What goes out
Nominal	Expenses and losses	Incomes and gains

All transactions will have a debit and a credit voucher for equal amounts.

4.5 Accounting Principles

Recording of transactions in books should be done having regard to certain fundamental principles of accounting. The principles are:

- i) Double-entry book-keeping system. All transactions to have a debit and credit of equal amount.
- ii) Distinctions to be drawn between capital expenditure and revenue expenditure and capital receipts and revenue receipts.
- iii) Financial statements must be prepared on historical cost basis and should conform to statutory provisions and practices.
- iv) Investments must be valued at the lower of cost or market value.
- v) Book debts must be valued only at the realizable amounts and in accordance with regulatory norms/ guidelines.

- vi) Expenditure and income to be treated on accrual basis. Guidelines issued in this regard by RBI / NABARD may be followed.
- vii) Provisions for doubtful advances must be made to the satisfaction of the auditors and in accordance with guidelines issued by the regulatory authority.
- viii) Unsold stock at the end of the year should be brought into accounts and valued on a recognized basis that is consistently being followed in the organization.
- ix) Premises and other fixed assets must be accounted for at historical cost.
- x) Depreciation should be provided for on depreciable assets on straight line or diminishing balance method on a consistent basis.
- xi) Provisions for gratuity and provident fund benefits to staff are to be made on accrual basis. Separate funds for gratuity and provident fund are to be created and should not be mixed with the funds of the PACS.
- xii) A clear demarcation be made in regard to provisions and contingencies on the one side and reserves on the other. While provisions and contingencies are to be made from P&L Account, statutory and other reserves be made out of appropriation of profits.
- xiii) The net profit disclosed in the Profit and Loss account must be computed after provision for standard loans, bad and doubtful debts / NPAs, provision for overdue interest, depreciation/erosion in the value of securities and other assets, transfers to contingency funds and other usual or necessary provisions.

4.6 Consistent with the concepts and principles outlined in the foregoing paragraphs all items of income and expenditure must be compiled under relevant heads so as to disclose the sources of income, nature of expenditure incurred to earn it, the composition of assets, sources from which capital has been procured and the nature of liabilities outstanding for payment. The accounting system in all PACS need to follow these principles and policies in the treatment and recording of all financial transactions.

5. STEPS FOR PREPARATION OF FINANCIAL STATEMENTS

Financial statements of PACS would include the following statements:

- i) Trial balance (Annexure I)
- ii) Trading Account (Annexure II)
- iii) Profit and Loss Account (Annexure III)
- iv) Balance sheet(Annexure IV)
- v) Annexure to Profit and Loss Account and Balance Sheet

The above statements are generated from books of accounts maintained by the society.

5.1 Logical accounting steps

S. No.	Activity	Description
1.	Voucher preparation	As defined in Chapter 9 of this manual, voucher is a primary document, a piece of substantiating evidence; a proof; or, a written record of expenditure, disbursement, or completed transaction; The first step in Book Keeping starts with voucher preparation.
2.	Voucher authorization	Once the voucher is prepared, it has to be approved/authorized by designated authority for its completeness.
3.	Disbursement/collections	Once the voucher is complete in all aspects the actual transaction i.e. expenditure, disbursement, etc. takes place
4.	Voucher Entry	On the basis of the voucher, the books of original entry, i.e. subsidiary books, registers, personal ledgers are updated.
5.	General ledger posting	Posting is the transfer of accounting entries from a journal of original entry into a ledger book, in chronological order according to when they were generated. From the subsidiary books and personal ledgers, entries are posted to respective general ledger accounts that contains all of the financial accounts of a business; contains offsetting debit and credit accounts (including control accounts).

5.2 Closing of books of accounts for generation of financial statements

The following steps should be initiated to close the books of accounts and prepare financial statements

- i) Close the cash/day book and verify and tally the cash balance physically.
- ii) Reconcile balances with DCCB/SCB and other Banks in deposit accounts as per bankbook/General Ledger with the balance confirmed by them (through Balance Confirmation Certificates) by preparing Bank Reconciliation statements.

- iii) Pass accounting entries for “Interest accrued” on Loans and advances (both overdue as well as non-overdue amount) as also “Income accrued” on investments up to the close of the year (31st March)
- iv) Pass accounting entries for “Interest accrued but not due” (interest payable) on deposits and borrowings.
- v) Make provisions for all administrative expenses, audit fees, etc. which is due but not paid up to 31st March.
- vi) Ensure that all the investment receipts and share certificates are in agreement with the investments shown in the books of account.
- vii) In case there is depreciation in the value of investment, necessary provision for the same should be made.
- viii) In case PACS is engaged in non-credit activity (PDS, Non-PDS etc.) closing stock should be physically verified by the Auditor of PACS. On verification, actual stock should be compared with the stock as per stock register. The deficit, if any, should be brought to the notice of management for taking corrective action. Closing stock should be valued on the basis of cost or market price whichever is less. Damaged or degraded stock should be valued at realizable price.
- ix) In the books, entries for accounting closing stock of all the items should be passed with reference to actual stock and not stock as per stock register after physically verifying the stock.
- x) Make provision for Non-Performing Assets by assessing performance of each loan account. Accounts which have become NPAs as per prudential norms, should be considered for making provision.
- xi) Make provision for overdue interest on Loans and Investments for the year.
- xii) Verify the entire fixed asset physically and ensure that there is no shortage of assets vis-à-vis assets as per dead stock register. Further, also ensure that no damage to the asset is caused to the extent that the asset became unusable. In such a case, the asset should be written off.
- xiii) Prepare depreciation chart indicating all fixed asset and make entries for depreciation on fixed assets. The depreciation in value of fixed assets for the year should match with the amount debited to P & L Account. The written down value (WDV)/straight line method at the year end should match and reflect in the Balance sheet.
- xiv) In case assets are purchased out of grant assistance received from State Govt./NABARD, depreciation on those assets should be shown as utilization by debiting the respective grant account and crediting Depreciation Account.
- xv) Ensure that Share Register is totaled and balanced. Total of member-wise share capital should tally with the share capital as per the General Ledger balance.
- xvi) In respect of Borrowings, Balance Confirmation Certificate should be obtained from the respective institutions / lenders and balances under borrowing accounts as per General Ledger should be reconciled / tallied with the balance confirmed.

- xvii) All deposit accounts should be balanced and summary of depositor wise balance outstanding under each type of deposits should be prepared. The total of outstanding balances of all depositors under respective type of deposits should be tallied with the balance in each deposit account as per General Ledger.
- xviii) If there are more than one branch, inter-branch entries should be reconciled by each branch and the net of such balance should be taken to the balance sheet.

Note: All loan accounts, sundry creditors/debtors accounts should be balanced and summary of account wise balance outstanding under each type of accounts should be prepared.

5.3 Preparation of trial balance

After passing all the accounting entries, each of the expenses and income accounts head in General Ledger, should be closed and balances under Assets & Liabilities account carried forward to the new year. Trial balance incorporating all the account heads as per the list prescribed in the Chapter 2 of this manual should be prepared.

5.4 Preparation of Trading Account, Profit and Loss Account & Balance Sheet

- i) Once trial balance is tallied, all items related to trading A/c (purchases, sales, Sales Return, Expenses related to trading and stock) in respect of all non-credit trading activities should be posted to Trading Account. All non trading expenses, depreciations and provisions for bad and doubtful debts, depreciation in the value of assets and overdue interest etc. should be posted to Profit and Loss Account on “expenditure” side. All the income (interest on loans and advances, income from investments and other revenue receipts) should be posted to “Income” side of Profit and Loss account. All the assets and liabilities should be carried / posted to Balance Sheet. All the financial statements should be prepared in the formats suggested under Common Accounting System (CAS) (Annexures I to IV of this document).
- ii) Trading account should be closed and Gross Profit or Gross Loss should be ascertained. For this purpose, a summary of trading accounts may be prepared as per the suggested formats. If there is a gross profit, the same should be brought forward to the “Credit” side of Profit and Loss Account. If there is a gross loss, the same should be taken to the “Debit” side of Profit and Loss Account.
- iii) Thereafter Profit and Loss Account should be closed and net profit or loss for the year should be ascertained. If there is a net profit, the same should be carried forward to P & L appropriation account. In case of loss, the same should be carried to balance sheet.
- iv) In case there is a profit for the year, the amount of profit together with balance of unappropriated profit of earlier years, should be appropriated to various Reserves / Funds taking into account statutory requirement and as

per the decision taken in the Annual General Meeting for appropriation and payment of proposed dividend on share capital.

- v) The unappropriated balance of Profit should be carried to “Liability” side of the Balance sheet.
- vi) Balance Sheet should be prepared as per the format suggested. Total of “Assets” and “Liabilities” should be tallied. No new heads of accounts both under “Assets” and “Liabilities” should be added. If there are more than one item under any of the “Others” (to be specified) sub-head (say, under the head of “Reserves and Funds” or “Investments” etc.), the same should be indicated with such details in an Annexure.
- vii) No additional General Ledger Heads of Accounts to be opened other than the ones prescribed in Chapter 2 of this manual (Annexure VII of the Common Accounting System). However, subsidiary general ledger heads could be prepared for more details upto two more stages for eliciting more information under computerised environments. As for example, GL A/c. Head “Savings Deposits” can be split into next stage under the subsidiary General Ledger as Savings Deposit from Members Male, Members Female. Further, savings deposits from Male Members could be segregated village-wise. But, under all circumstances, only one broad account head i.e. Savings Deposits should appear in the Financial Statements of the PACS.

Certain items under the Balance Sheet should be provided with necessary details in the form of Annexures. Sundry Creditors, Sundry Debtors (other than Credit Sales), Any Other Stocks/Goods under Closing Stock, Shares in other Cooperative Institutions are to be indicated in detail in the Annexures with the relevant date, particulars and amounts of the respective entries.

5.5 Explanatory Note to the Financial Statements of PACS

- i) *Capital Reserve* – Capital Reserve may arise on account of the following:
 - Profit on sale of capital asset
 - Amount received against the forfeiture of shares
 - Govt. grant received in the form of promoters’ contribution
 - Excess of assets taken over than the amount of liability, on acquisition of business.
- ii) *Building Fund* – This fund account will be credited with
 - Subsidy received from State Government/Central Govt./Other Agencies for construction of building.
 - Appropriation from profit of society to the Fund
 - Donations, if any,
- iii) *Recapitalization Fund*

Fund received from Government of India and the State Government towards accumulated losses and for maintaining CRAR of 7% under the Revival Package should be included here.

- iv) *Investments*

Investments net of provision should be shown in the outer column. Other items may be shown in the inner column (break-up column).

v) *Expenditure and Income*

Expenses shown in Profit and Loss account include paid and payable figures. Similarly, income shown consist of both income received and income receivable.

- Management expenses include meeting expenses of Board

vi) *Insurance and rent of Godown*

The expenses on godown rent should be debited to Trading Account of different activities in proportion to space occupied for storing the specified stock.

- Insurance of stock should be charged to Trading Account for respective activity.
- Salary of salesman/manufacturing wages, electricity and rent should be charged to the Trading Account of different activities, if the services are exclusively used for those activities.

vii) *Loans and advances*

Only net figure after deducting “provision for NPAs” should be shown in the outer column.

viii) *Closing Stock*

Shortage or deficit in stock should not be shown under this head. If any amount is recovered from the salesman for deficit in stock, the same should be credited to Trading Account.

- ix) The figure of interest accrued and receivable should be shown net of “Provisions made” in the outer column.

5.6 Preparation of Annual Report

- i) It is necessary that the PACS also prepare Annual Report incorporating therein important developments in the society covering total members, enrollment of new members, borrowing members, members retired during the year, changes in the Management Committee and holding of MC meetings as per bye-law, growth of deposits, advances and profit, issue of Kisan Credit Cards and ST-SAO loans disbursed through KCC, loans issued to SC/ST/ women beneficiaries/ SHGs and information about Farmers’ clubs and other details as per the provisions of the Cooperative Societies Act along with the financial statements of PACS.
- ii) The copies of financial statements of PACS may be supplied to the members.
- iii) A copy of the Annual Report may also be displayed on the society premises for information of the members and others.

6. ACCOUNTING ENTRIES FOR CREDIT ACTIVITIES

6.1 DEPOSIT ACCEPTANCE

6.1.1 Entry upon receipt of savings/recurring/fixed/re-investment deposits.

EX: If Rs. 100 is deposited in savings/recurring/fixed/re-investment deposits by account holders.

Voucher Type: PIS

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Cash</p> <p>To Relevant Savings/Fixed/Recurring/re-investment A/c</p> <p>(Being cash deposited to the above SB/FD/Recurring / Reinvestment account.)</p>	100	100	<ul style="list-style-type: none"> ▪ Savings/RD/Fixed/Reinvestment deposit ledger ▪ Relevant general ledger accounts ▪ Cash book

The book-keeping process involved from acceptance to repayment of fixed deposits is further illustrated in Appendix 10 – Illustration No. 1 of this manual.

6.1.2 Entry upon withdrawal of cash from savings A/c by using Cash withdrawal form by account holders.

EX: If Rs. 100 is withdrawn.

Voucher Type: CWF

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Relevant Savings A/c</p> <p>To Cash A/c</p> <p>(Being cash withdrawn from the above SB account.)</p>	100	100	<ul style="list-style-type: none"> ▪ Cash book ▪ Savings ledger ▪ Relevant general ledger accounts

6.1.3 Entry upon credit of interest on FD

EX: Monthly interest of Rs. 15 on FD is to be provided after deduction of Rs. 2 as TDS.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Interest on deposits–FD	15		<ul style="list-style-type: none"> ▪ Deposit ledger ▪ Interest payment register ▪ Relevant general ledger accounts
To Interest Accrued on deposit A/c		13	
TDS payable A/c		2	
(Being interest for the period from ... to ... paid on deposit A/c no. ... at the rate of ... % p.a. and TDS at ... %)			

6.1.4 Entry upon subsequent payment of interest after the above said provision is created.

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Interest accrued on deposits A/c	13		<ul style="list-style-type: none"> ▪ Deposit ledger ▪ Savings deposit ledger ▪ FD Interest payment register ▪ Cash book
To Cash/SB A/c*		13	
(Being interest for the period from ... to ... paid on deposit A/c. no. ... at the rate of ... % p.a.)			

*Interest on FD can be paid in cash or credited to SB A/c of the deposit holder.

6.1.5 Entry upon credit of interest on SB.

EX: If Rs. 100 is to be credited to SB A/c after deduction of Rs. 2 as TDS.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Interest on deposits–SB A/c	100		<ul style="list-style-type: none"> ▪ Savings deposit ledger ▪ Relevant general ledger accounts
To Relevant SB A/c		98	
TDS payable A/c		2	
(Being interest for the period from ... to ... paid on SB A/c. no. ... at the rate of ... % p.a. and TDS at ... % effected)			

6.1.6 Entry upon credit of interest on Recurring/re-investment deposits to the respective A/cs.

EX: If Rs. 100 is to be credited to RD/RID after deduction of Rs. 2 as TDS*.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Interest on deposits– Recurring/RID	100		<ul style="list-style-type: none"> ▪ Deposit ledger ▪ Relevant general ledger accounts
To Relevant Recurring/RID A/c TDS payable A/c		98 2	
(Being interest for the period from ... to ... paid on deposit A/c no. ... at the rate of ... % p.a. by way of credit to and TDS at ... % effected)			

*TDS if applicable

6.1.7 Entry upon repayment of deposits.

EX: If Rs. 100 in RD/RID/SB/FD A/c is to be paid on closure .

Voucher Type: PV/JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant RD/RID/SB/FD A/c	100		<ul style="list-style-type: none"> ▪ Cash book ▪ Deposit ledger ▪ Savings ledger ▪ Relevant general ledger accounts
To Cash/SB A/c		100	
(Being the deposit no. ... of Mr. ... repaid)			

6.2. BORROWINGS

6.2.1 Entry upon receipt of borrowings.

EX: If Rs. 100 is borrowed from DCCB/Others

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash/current A/c	100		<ul style="list-style-type: none"> ▪ Borrowing ledger ▪ cash book/bank book ▪ Relevant general ledger accounts
To Relevant Borrowings A/c		100	
(Being ... loan received carrying an interest rate of repayable in ...)			

6.2.2 *Entry upon provision and subsequent payment of Interest on borrowings.*

EX: If Rs. 100 is to be provided as interest on borrowings.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Interest on Borrowings DCCBs/others</p> <p>To Interest Accrued on borrowings A/c</p> <p>(Being interest on borrowings from ... to ... credited to loan A/c no. ... as per working sheet attached)</p>	100	100	<ul style="list-style-type: none"> ▪ Borrowing ledger ▪ Relevant general ledger accounts

6.2.3 **Upon payment of above interest amount.*

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Interest Accrued on borrowings A/c</p> <p>To Cash/Current A/c</p> <p>(Being interest on loan no. ... taken on ... now paid)</p>	100	100	<ul style="list-style-type: none"> ▪ Cash book/bank book ▪ Borrowings ledger ▪ Relevant ledger accounts

6.2.4 *Entry upon repayment of borrowings.*

EX: If Rs. 100 is repaid, then ...

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Relevant Borrowings A/c</p> <p>To Cash/Bank A/c</p> <p>(Being repayment of instalment on borrowing -- now repaid)</p>	100	100	<ul style="list-style-type: none"> ▪ Borrowings ledger ▪ Bank book ▪ Relevant general ledger accounts

6.2.5 *Entry upon reschedulement of MT/LT borrowings.*

EX: If Rs. 100 in MT/LT borrowings account is rescheduled.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By <i>Relevant Borrowings A/c</i> To <i>Relevant Rescheduled MT/LT Borrowings A/c</i> (Being the borrowings from ... to ... credited to loan A/c no. ... as per working sheet attached)	100	100	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

6.3 LOANS AND ADVANCES

6.3.1 *Entry for loan disbursement.*

EX: If Rs. 100 is disbursed as loan

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By <i>Relevant Loan A/c</i> To <i>Cash A/c</i> (Being ... loan disbursed against sanction of Rs. ... vide sanction ref. no. ... dated ...)	100	100	<ul style="list-style-type: none"> ▪ Cash book ▪ Respective loan ledgers ▪ Relevant general ledger accounts

The book-keeping process involved from disbursement to repayment of MT loans is further illustrated in Appendix 10 – Illustration No. 2 of this manual.

6.3.2 *Entry for provision of interest on loans & advances which is not overdue.*

EX: If Rs. 200 is the interest due on all loans and advances.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By <i>Non overdue interest receivable on loans & advances A/c</i> To <i>Interest on loans & advances A/c</i> (Being interest on loans & advances for the period from ... to ... as per the interest calculation worksheet)	200	200	<ul style="list-style-type: none"> ▪ Relevant loan registers and general ledger accounts

6.3.3 *Entry on receipt of Rs. 10 interest due on loans & advances*

EX: Of the Rs. 200 interest due on all loans and advances, Rs. 10 is received.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Cash A/c</p> <p>To Non overdue interest receivable on loans & advances A/c</p> <p>(Being interest on loans & advances due received from ...)</p>	10	10	<ul style="list-style-type: none"> ▪ Relevant loan registers ▪ Cash book ▪ Relevant general ledger accounts

6.3.4 *Entry for accounting interest overdue on overdue loans & advances.*

EX: If Rs. 20 of the interest due on loans & advances becomes overdue.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Overdue Interest Receivable A/c</p> <p>To Non overdue interest receivable on loans & advances A/c</p> <p>(Being overdue interest on overdue loans & advances for the period from ... to ... now transferred)</p>	20	20	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

6.3.5 *Entry for making provision for overdue interest on loans & advances.*

EX: In respect of the overdue interest on NPA loans. (say, Rs. 5)

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Profit & loss A/c</p> <p>To Provision for overdue interest on loans A/c</p> <p>(Being provision made for overdue interest on NPA loans)</p>	5	5	<ul style="list-style-type: none"> ▪ DCB & NPA provisioning register ▪ Relevant general ledger accounts

6.3.6 Entry for receipt of overdue interest.

EX: If Rs. 5 of overdue interest is received.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c To Overdue Interest A/c (Being overdue interest on the following now received. Name ... Loan Type ... A/c no. ... Amount lying in <i>Overdue interest A/c</i>)	5	5	<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant general ledger accounts

6.3.7 Entry for accounting for interest accrued but not due on standard loans & advances.

EX: If Rs. 25 is accrued interest but not due then...

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Interest Accrued but not due on standard loans & advances To Interest on loans & advances A/c (Being Interest Accrued but not due on the following Name ... Loan Type ... A/c no. ... Amount Rs. ...)	25	25	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

6.3.8 Entry upon receipt of installments in loans.

EX: If Rs. 5 loan amount is received.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c To Relevant Loan A/c (Being ... installment of Rs. ... received)	5	5	<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant loan registers and ledger general accounts

6.3.9 Entry for reschedulement of loans.

Rescheduled loan A/c is debited to record loan accounts rescheduled and credited to record collection in such accounts. All other aspects such as recording of interest income, repayments, etc. should be dealt in the manner explained above.

EX: If an outstanding loan of Rs. 10 is rescheduled.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers Effected
By Relevant Rescheduled loan A/c	10		<ul style="list-style-type: none"> ▪ Relevant general ledger accounts
To Relevant Loan A/c		10	
(Being the entry passed for recording reschedulement of loans & advances as per sheet)			

6.3.10 Entry for provisioning on standard assets.

EX: If Rs. 10 is provided on standard loans & advances.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Profit & Loss A/c	10		<ul style="list-style-type: none"> ▪ DCB & NPA provisioning register ▪ Relevant ledger general accounts
To Provision on standard assets		10	
(Being provision on standard assets made at the rate of ... as per asset provisioning norms)			

6.3.11 Entry for provisioning on Sub-standard, doubtful and loss assets.

EX: If Rs. 20 is provided on sub-standard, doubtful and loss assets.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Profit & Loss A/c	20		<ul style="list-style-type: none"> ▪ DCB & NPA provisioning register ▪ Relevant ledger general accounts
To Provision on sub-standard assets/ doubtful debts/ loss assets		20	
(Being provision made at the rate of ... % on ... [as applicable])			

6.3.12 *Entry for writing off loans.*

EX: If Rs. 20 outstanding in 'X' loan A/c is to be written off then (to record the actual write off).

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Provisions for loss Assets A/c To Respective loan A/c (being the above amount due written off as per approval dt. ...) ...	20	20	<ul style="list-style-type: none"> ▪ Relevant ledger general accounts

6.3.13 *Entry for recovery in written off accounts.*

EX: If Rs. 10 is subsequently recovered from written off accounts.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c To Recovery in written off A/c (being the above amount written off as per approval dt. ... now recovered to the above extent)	10	10	<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant general ledger accounts

7. ACCOUNTING ENTRIES FOR NON-CREDIT ACTIVITIES

7.1 PURCHASES

7.1.1 Entry upon cash purchases of fertilizers, seeds, etc.

EX: If goods worth Rs. 10 after VAT of Rs. 2 are purchased for cash.

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Purchases of relevant item A/c *Input VAT A/c	8 2		<ul style="list-style-type: none"> ▪ Purchases register ▪ Cash book ▪ Relevant general ledger accounts
To Cash A/c		10	
(Being purchases of ... (quantity) vide bill no. ... dt. ...)			

*If applicable under relevant statute only.

7.1.2 Entry upon purchases of fertilizers, seeds, etc.

EX: If goods worth Rs. 10 after VAT of Rs. 2 are purchased on credit.

Voucher Type: PUV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Purchases of relevant item A/c *Input VAT A/c	8 2		<ul style="list-style-type: none"> ▪ Purchases register ▪ Sundry creditors ledger ▪ Relevant general ledger accounts
To Sundry creditor A/c		10	
(Being purchases of ... (quantity) vide bill no. ... dt. ...)			

*If applicable under relevant statute only.

7.1.3 Entry upon purchases returns.

EX: If goods worth Rs. 10 after VAT of Rs. 2 purchased previously on credit are returned.

Voucher Type: DN

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Sundry creditors A/c	10		<ul style="list-style-type: none"> ▪ Sundry creditors ledger ▪ Relevant general ledger accounts
To Purchases returns A/c *Input VAT A/c		8 2	
(Being purchases of ... (quantity) vide bill no. ... dt. ... now returned due to ...)			

*If allowed under relevant statute only.

7.1.4 Entry upon payment to sundry creditors.

EX: If sundry creditors are paid Rs. 10.

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant Sundry creditors A/c To Cash A/c (Being payment made to above party on account of ...)	10	10	<ul style="list-style-type: none"> ▪ Cash book ▪ Sundry creditors ledger ▪ Relevant ledger accounts

7.1.5 Entry upon payment of Transportation/other exp. on purchases of fertilizers, seeds, etc.

EX: If Rs. 2 are paid as transportation charges.

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Transportation/other exp. of relevant item A/c To Cash A/c (Being the above exp. paid on purchases of ... (quantity) vide bill no. ... dt. ...)	2	2	<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant general ledger accounts

7.1.6 Entry upon receipt of Transportation/other exp. bill on purchases of fertilizers, seeds, etc. when it is to be paid at a later date.

EX: If the above transportation bill of Rs. 2 has to be paid later.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Transportation/other exp. of relevant item A/c To Relevant Sundry creditors A/c (Being the above exp. booked on purchases of ... (quantity) vide bill no. ... dt. ...)	2	2	<ul style="list-style-type: none"> ▪ Sundry creditors ledger ▪ Relevant general ledger accounts

7.2 SALES

7.2.1 Entry upon cash sales of fertilizers, seeds, pesticides etc.

EX: If goods worth Rs. 10 after VAT/sales tax of Rs. 2 are sold for cash.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c	10		<ul style="list-style-type: none"> ▪ Cash book. ▪ Sales registers ▪ Relevant general ledger accounts
To Sale of relevant item A/c		8	
VAT/sales tax payable A/c		2	
(Being sale of ... (quantity) vide bill no. ... dt. ... to ...)			

7.2.2 Entry upon credit sale of fertilizers, seeds, pesticides etc.

EX: If goods worth Rs. 10 after VAT/sales tax of Rs. 2 are sold on credit.

Voucher Type: SV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant Sundry Debtor A/c	10		<ul style="list-style-type: none"> ▪ Sundry debtors ledger ▪ Sales register ▪ Relevant ledger accounts
To Sale of relevant item A/c		8	
VAT/sales tax payable A/c		2	
(Being sale of ... (quantity) vide bill no. ... dt. ...)			

7.2.3 Entry upon sales returns.

EX: If goods sold previously for Rs. 10 after VAT/sales tax of Rs. 2 are returned.

Voucher Type: CN

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Sales returns A/c	8		<ul style="list-style-type: none"> ▪ Sundry debtors ledger ▪ Relevant general ledger accounts
*VAT/sales tax payable A/c	2		
To Relevant Sundry Debtors A/c		10	
(Being sale of ... (quantity) vide bill no. ... dt. ... now returned back due to ...)			

*If allowed under relevant statutes only.

7.2.4 *Entry upon receipt of cash from debtors.*

EX: If Rs. 5 is received from sundry debtor.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c To Relevant Sundry Debtors A/c (Being receipt of money from the above debtor towards bill no. ... / advance received for supply of ...) ...	5	5	<ul style="list-style-type: none"> ▪ Sundry debtors ledger ▪ Relevant general ledger accounts

7.3 OTHER INCOME

7.3.1 *Entry for booking other income.*

EX: If Rs. 10 is receivable.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant other misc. income receivable A/c To Other misc. income A/c (Being ... [details of I = other income to be given])	10	10	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

7.3.2 *Entry upon receipt of other income.*

EX: If the other income of Rs. 10 is received.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c To Relevant Other income receivable A/c (Being receipt of income earlier booked vide Jv. no. ... dt. ...) ...	10	10	<ul style="list-style-type: none"> ▪ Cash book. ▪ Relevant general ledger accounts

7.3.3 *Entry upon cash sale of gunny bags.

EX: If gunny bags are sold for Rs. 5.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c To Sale of gunny bags A/c (Being receipt of money against Sale of ... (quantity) of gunny bags to ...)	5	5	<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant general ledger accounts

*wherever applicable VAT/Sales tax liability has to be created.

8. ACCOUNTING ENTRIES FOR COMMON ACTIVITIES

8.1 SHARE CAPITAL

8.1.1 Memo entry for the authorized capital.

Authorised capital of... (no. of shares) divided into ... (no. of shares) of Rs. ... each.

8.1.2 Entry on allotment of shares/admission fee received.

EX: On allotment of shares for Rs. 100 and receipt of admission fee of Rs. 1, then...

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c To Paid up Capital A/c Admission Fee A/c (Being allotment of shares and admission fee of the following members Name ... Admission fee ... No. of shares ...)	101	100 1	<ul style="list-style-type: none"> ▪ Cash book ▪ Share Capital ledger ▪ Membership register ▪ Relevant general ledger accounts

8.1.3 Entry for refund of share capital .

EX: On refund of share capital of Rs. 100.

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Paid up Capital A/c To Cash On Hand A/c (Being share capital of the following members refunded Name ... No. of shares ...)	100	100	<ul style="list-style-type: none"> ▪ Cash book ▪ Share Capital ledger ▪ Membership register ▪ Relevant general ledger accounts

8.1.3 (a)

Entry for retirement of Govt. share capital of Rs. 100

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Paid up Capital – Govt. A/c To Cash On Hand A/c (Being share capital refunded to State Govt. on ----- No. of shares -----)	100	100	<ul style="list-style-type: none"> ▪ Cash book ▪ Paid up Capital - Govt. ledger

8.1.4 Entry upon forfeiture of shares.

EX: On forfeiture of shares worth Rs. 100.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Paid up Capital A/c To Capital Reserve A/c (Being share capital of the following members forfeited and transferred to capital reserve Name ... No. of shares ... Forfeited Amt. per share ...)	100	100	<ul style="list-style-type: none"> ▪ Share Capital ledger ▪ Membership register ▪ Relevant general ledger accounts

8.1.5 Entry upon declaration of dividend on share capital.

EX: On declaration of dividend at 5% on share capital of Rs. 100.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Profit & Loss A/c To Dividend payable A/c* (Being dividend proposed on share capital at ...)	5	5	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

*Dividend Payable may be shown in the account head 'Others' under 'Other Liabilities' in the Chart of Accounts.

8.1.5 (a) Entry upon payment of dividend in the above case

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Dividend Payable A/c To Cash A/c (Being amount of dividend paid on share capital at ----)	5	5	<ul style="list-style-type: none"> ▪ Cash Book ▪ Dividend Payable A/c

8.1.6 Entry upon transferring unpaid dividend declared to unclaimed dividend payable A/c after stipulated period.

EX: If dividend of Rs. 1 remains unpaid beyond stipulated period then...

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Dividend payable A/c To Unclaimed dividend payable A/c (Being dividend proposed on share capital at ... being unpaid now transferred to unclaimed dividend payable A/c)	1	1	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

8.2 RESERVES & SURPLUS

8.2.1 Entries for Reserves created out of Profit & loss A/c.

EX: If Rs. 100 is required to be transferred to any reserve/fund, then ...

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Profit & Loss A/c To Relevant Reserve/fund A/c (Being reserve/fund created for ... [purpose to be mentioned])	100	100	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

8.2.2 Building Fund creation out of grants received.

EX: If Rs. 100 is received towards construction of building.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c To Building fund A/c (Being grants or donations [as the case may be] received from ... towards construction of building)	100	100	<ul style="list-style-type: none"> ▪ Cash book/Bank Book ▪ Relevant general ledger accounts

8.2.3 Capital reserve creation.

EX: Sale of land with original cost: Rs. 100 for Rs. 200

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c To Land A/c Capital reserve A/c (Being profit on sale of capital asset of Rs. 100 transferred to capital reserve a/c)	200	100 100	<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant general ledger accounts

8.3 ESTABLISHMENT & ADMINISTRATIVE EXPENSES

8.3.1 Entry for payment of establishment & other office expenses.

EX: If Rs. 10 of establishment exp. are paid.

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant Exp. head A/c To Cash A/c (Being the above expenses incurred for the month of ... paid against bill no. ... dt. ...)	10	10	<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant general ledger accounts

8.3.2 *Entry for providing establishment, office & other expenses.*

EX: If Rs. 10 of establishment exp. are to be provided.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant Exp. head A/c To Provision for outstanding exp. A/c (Being provision made for the month of ...)	10	10	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

8.3.3 *Entry for providing PF/ Gratuity/Pension/Bonus.*

EX: If Rs. 10 of above exp. are to be provided.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Salary and Allowances A/c* To Provision for PF/ Gratuity/ Pension/ Bonus A/c (Being provision made for the period of ...)	10	10	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

*As per chart of accounts salary and allowances includes contribution to PF, Bonus, Gratuity or Pension Fund.

8.3.4 *Entry for payment of outstanding expenses/provisions.*

EX: If Rs. 5 of above exp. are paid.

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Provision for Outstanding expenses A/c To Cash A/c (Being payment of above outstanding/ provisional exp. for the period ...)	5	5	<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant general ledger accounts

8.3.5 Entry for booking pre-paid expenses.

EX: If insurance of Rs. 100 is paid for the period from 1/10/06 to 30/9/07 then the expenses for 2006-07 are ...

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Pre-paid exp. A/c Insurance exp. A/c	50 50		<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant general ledger accounts
To Cash/bank A/c		100	
(Being pre-paid portion of the expenses paid for the period from ... to ... debited to pre-paid exp. A/c and the balance pertaining to current year booked to relevant exp. head A/c)			

8.3.6 Entry for booking pre-paid expenses of previous year in the current year.

EX: In Financial Year 2007-08 the above prepaid exp. of Rs. 50 should be booked as relevant years expenditure.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant exp. head A/c	50		<ul style="list-style-type: none"> ▪ Relevant general ledger accounts
To Pre-paid exp. A/c		50	
(Being pre-paid expenses for the previous year ... now transferred to relevant exp. head A/c)			

8.3.7 Entry for reversal of excess provision made.

EX: If provisions/outstanding exp. are excess provided for Rs. 5.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Outstanding expenses A/c	5		<ul style="list-style-type: none"> ▪ Relevant general ledger accounts
To Particular exp. head A/c		5	
(Being excess provision of above exp. made for the month of ... now reversed by credit to relevant exp. head A/c)			

8.4 FIXED ASSETS

8.4.1 Entry for purchase of fixed assets.

EX: If fixed assets worth Rs. 50 are purchased.

Voucher Type: PUV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant fixed asset A/c To Relevant Sundry creditors A/c (Being purchase of ... from ... vide bill no. ... dt. ...)	50	50	<ul style="list-style-type: none"> ▪ The Furniture, Fittings, Office Equipment and Other Movable Assets register ▪ Sundry creditors ledger ▪ Relevant general ledger accounts

Expenditure incurred for bringing the fixed asset to the current place and location should be capitalized (added to the cost of fixed asset). For instance, erection charges, transportation charges etc. should be treated as part of fixed asset cost.

8.4.2 Entry for fixed assets acquired in settlement of loans.

EX: The society foreclosed the collateral of a borrower for non-payment of loan of Rs. 20 despite the legal case filed against him. Total claims amount to Rs. 25 which include overdue interest receivable of Rs. 4 and legal fees of Rs. 1. Market value of the asset is Rs. 30. Estimated costs to sell Rs. 2. The fair market value is Rs. 28.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Assets acquired in settlement of loans A/c To Relevant Loan A/c (Being collateral ... foreclosed for settlement of above loan)	20	20	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

8.4.3 Entry for sale of above fixed assets acquired in settlement of loans.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c	28		<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant general ledger accounts
To Assets acquired in settlement of loans A/c		20	
Relevant exp. A/c		1	
Overdue interest receivable A/c		4	
Sundry deposits A/c		3	
(Being collateral ... foreclosed for settlement of above loan now sold)			

8.4.4 Entry for fixed assets acquired from grants/donations received.

Where assets are acquired out of grant funds, the grant amount is deducted from the gross value of the asset and the asset is shown at the reduced book value. Depreciation is charged on the reduced book value. This has the effect of recognizing the grant in the profit and loss account over the useful life of the asset by way of a reduced depreciation charge.

EX: If fixed asset worth Rs. 10 is purchased and the grant previously received is Rs. 5, then...

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant fixed asset A/c	5		<ul style="list-style-type: none"> ▪ Cash book ▪ Fixed assets register ▪ Relevant general ledger accounts
Relevant grant/donation A/c	5		
To Cash A/c		10	
(Being the above asset purchased from ...)			

Alternatively, the grant amount is treated as deferred income and brought into the profit and loss account on a systematic basis over the useful life of the asset with depreciation being charged on the gross book value of the asset. The balance grant is disclosed separately in the balance sheet.

EX: In the above case if the useful life of the asset is 5 years, then ...

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant grant/donation A/c	1		▪ Relevant general ledger accounts
To Profit & Loss A/c		1	
(Being grant/donation recognized to P&L A/c over the useful life of the asset ... years)			

8.4.5 *Entry for fixed assets acquired as trade-in for old assets (exchange of old asset for new asset).*

When a fixed asset is acquired in exchange for another asset, its cost is usually determined by reference to the fair market value of the consideration given. It may be appropriate to consider also the fair market value of the asset acquired if this is more clearly evident. An alternative accounting treatment that is sometimes used for an exchange of assets, particularly when the assets exchanged are similar, is to record the asset acquired at the net book value of the asset given up; in each case an adjustment is made for any balancing receipt or payment of cash or other consideration.

When a fixed asset is acquired in exchange for shares or other securities in the enterprise, it is usually recorded at its fair market value, or the fair market value of the securities issued, whichever is more clearly evident.

EX: If there is an indicated loss.

Old equipment	Rupees
Book value of old equipment	30
Fair value of old equipment	25
Trade-in/exchange value	28
New equipment	Rupees
List price	100
Cash payment	72

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant fixed asset (new) A/c	97		▪ Fixed asset register. ▪ Cash book ▪ Relevant general ledger accounts
Loss on sale of fixed asset	5		
To Relevant fixed asset (old) A/c		30	
Cash A/c		72	

EX: If there is an indicated gain

Old equipment	Rupees
Book value of old equipment	20
Fair value of old equipment	25
Trade-in/exchange value	28
New equipment	Rupees
List price	100
Cash payment	72

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant fixed asset (new) A/c	92		<ul style="list-style-type: none"> ▪ Fixed asset register ▪ Cash book
To Relevant fixed asset (old) A/c Cash A/c		20 72	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

8.4.6 Entry for providing for depreciation on fixed assets.

EX: If depreciation of Rs. 5 are to be provided.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Depreciation on Properties A/c	5		<ul style="list-style-type: none"> ▪ Depreciation chart ▪ Relevant general ledger accounts
To Relevant fixed asset A/c (Being depreciation provided on the above fixed assets as per the depreciation chart)		5	

8.4.6 (a) Entry for charging above depreciation amount to P & L A/c

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By P & L A/c	5		<ul style="list-style-type: none"> ▪ Depreciation chart ▪ Relevant general ledger accounts
To Depreciation on properties A/c (Being depreciation amount charged to P & L A/c)		5	

8.4.7 Entry for disposal of fixed assets at more than book value.

EX: If fixed assets worth Rs. 50 are sold for Rs. 55.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c	55		<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant fixed assets register ▪ Relevant general ledger accounts
To Relevant fixed asset A/c		50	
Capital reserve A/c		5	
(Being sale of above asset to ...)			

8.4.8 Entry for disposal of fixed assets at less than book value.

EX: If fixed assets worth Rs. 50 are sold for Rs. 45.

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash A/c	45		<ul style="list-style-type: none"> ▪ Cash book ▪ Relevant fixed assets register ▪ Relevant general ledger accounts
Loss on sale of fixed asset A/c	5		
To Relevant fixed asset A/c		50	
(Being sale of above asset to ...)			

8.4.9 Entry on upward revaluation of fixed assets.

EX: If fixed assets worth Rs. 50 are revalued at Rs. 60.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant fixed asset A/c	10		<ul style="list-style-type: none"> ▪ Relevant fixed assets register ▪ Relevant general ledger accounts
To Revaluation Reserve A/c		10	
(Being revalued amount of fixed assets transferred to capital reserve A/c)			

8.4.10 *Entry upon downward revaluation of fixed assets.*

EX: If fixed assets worth Rs. 50 are revalued at Rs. 40.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Loss on revaluation of fixed asset A/c	10		<ul style="list-style-type: none"> ▪ Relevant fixed assets register ▪ Relevant general ledger accounts
To Relevant fixed asset A/c		10	
(Being fixed assets stated at revalued amount and charged to P&L A/c to the extent of revalued amt.)			

8.4.11 *Entry upon downward revaluation of fixed assets after upward revaluation.*

EX: If fixed assets worth Rs. 60 which were revalued from Rs. 50 previously are revalued at Rs. 40.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Revaluation reserve A/c	10		<ul style="list-style-type: none"> ▪ Relevant fixed assets register ▪ Relevant general ledger accounts
Loss on revaluation of fixed asset A/c	10		
To Relevant fixed asset A/c		20	
(Being fixed assets stated at revalued amount and charged to capital reserve A/c to the extent of previous upward revaluation and balance to P&L A/c. ...)			

A decrease in net book value arising on revaluation of fixed assets is charged to profit and loss statement except that, to the extent that such a decrease is considered to be related to a previous increase on revaluation that is included in revaluation reserve, it is charged against that earlier increase.

8.4.12 *Entry upon upward revaluation of fixed assets after previous downward revaluation.*

EX: If fixed assets worth Rs. 40 which were revalued from Rs. 50 previously are revalued at Rs. 60.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Fixed asset A/c	20		<ul style="list-style-type: none"> ▪ Relevant fixed assets register ▪ Relevant general ledger accounts
To Profit on revaluation of fixed asset A/c		10	
Revaluation Reserve A/c		10	
(Being fixed assets stated at revalued amount and credited to profit on rev. to the extent of previous downward revaluation and balance to revaluation reserve A/c ...)			

It sometimes happens that an increase to be recorded is a reversal of a previous decrease arising on revaluation which has been charged to profit and loss statement in which case the increase is credited to profit and loss statement to the extent that it offsets the previously recorded decrease.

8.4.13 *Entry for writing off/retirement fixed assets.*

EX: If fixed assets worth Rs. 10 are written off/retired from use.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Fixed assets written off A/c	10		<ul style="list-style-type: none"> ▪ Relevant fixed assets register ▪ Relevant general ledger accounts
To Relevant fixed asset A/c		10	
(Being fixed assets written off as per approval dt. ...)			

8.5 INVESTMENTS

8.5.1 Entry for investments made.

EX: A sum of Rs. 50 is invested.

Voucher Type: PV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Relevant Investment A/c To Cash/Relevant Bank A/c (Being investments made in ... maturing on ... carrying an interest rate of ... [wherever applicable])	10	10	<ul style="list-style-type: none"> ▪ Cash book/Bank book ▪ Investment register ▪ Relevant general ledger accounts

8.5.2 Entry for providing for dividend/interest income and subsequent receipt.

EX: A sum of Rs. 5 is receivable on investments before TDS of Rs. 1 (if applicable).

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Interest/income receivable on investments A/c TDS on income of PACS A/c To Dividend on Investments/Interest on deposits with Banks etc. A/c (Being interest/income on ... investments receivable after deduction of TDS of Rs. ... for the period ... from ...)	4 1	5	<ul style="list-style-type: none"> ▪ Cash book/Bank book ▪ Investment register ▪ Relevant general ledger accounts

Voucher Type: RV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
By Cash/Bank A/c To Interest receivable on investments A/c (Being interest/income on ... investments received)	4	4	<ul style="list-style-type: none"> ▪ Cash book/Bank book ▪ Relevant general ledger accounts

8.5.3 *Entry for providing for depreciation on investments.*

EX: A sum of Rs. 10 is to be provided as depreciation on investments.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Profit & Loss A/c</p> <p>To Provision for depreciation on investments A/c</p> <p>(Being provision made towards depreciation on ... [investments] at the rate of ... due to ...)</p>	10	10	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

8.5.4 *Entry for writing back depreciation provided on investments.*

EX: A sum of Rs. 5 provided as depreciation is written back.

Voucher Type: JV

Particulars	Debit Rs.	Credit Rs.	Books/registers affected
<p>By Provision for depreciation on investments A/c</p> <p>To Profit & Loss A/c</p> <p>(Being provision made towards depreciation on ... [investments] now written back due to ...)</p>	5	5	<ul style="list-style-type: none"> ▪ Relevant general ledger accounts

9. DEFINITIONS OF ACCOUNTING TERMS

- i) **“Account”** is the detailed record of a particular asset, liability, owners' equity, revenue or expense.
- ii) **“Accrued Expenses”** are expenses incurred during an accounting period for which payment is to be made in the succeeding period.
- iii) **“Accrued Income”** is income earned during an accounting period but not received by the end of the period.
- iv) **“Accrued Interest”** is interest earned but not paid since the last due date.
- v) **“Accounting Cycle”** is the sequence of steps starting from opening of books at the start of a period and culminating in preparation of the financial statements for a given period. It refers to the fact that because financial reports are prepared at the end of each period (usually a year) there are a sequence of steps (cycle) taken each period that result in the reports and preparation for the next period or cycle. The cycle goes through the journal entries, adjusting entries, posting to the accounts and financial reports.
- vi) **“Accounting Period”** is the time period for which accounts are prepared, usually one year.
- vii) **“Appreciation”** is the increase in the value of an asset in excess of its depreciable cost, which is due to economic, and other conditions, as distinguished from increases in value due to improvements or additions made to it.
- viii) **“Balance”** the difference between the totals of the credit and debit sides of an account.
- ix) **“Books Of Account”** are the financial records of a business. Usually refers to the lowest level of recorded data, before summaries are made.
- x) **“Book keeping”** is the systematic and chronological recording of all financial transactions.
- xi) **“Book Value”** is an accounting term which usually refers to cost as appearing in the books of account or financial statements.
- xii) **“Brought Forward”** is the recognition of a value that was determined in the past, e.g. an accumulated balance brought forward at the start of a new accounting period.
- xiii) **“Bad Debt”** is an account balance or loan receivable that is not realisable.
- xiv) **“Capital Asset”** is a long-term asset that is not purchased or sold in the ordinary course of business or not held for sale, conversion or consumption in the ordinary course of business. Generally, it includes fixed assets, e.g., land, buildings, furniture, equipment, fixtures and furniture.
- xv) **“Credit”**, in accounting, is an accounting entry system that either decreases assets or increases liabilities; In general, it is an arrangement for deferred payment for goods and services.
- xvi) **“Credit Sales”** are merchandise or services sold on the promise to pay later.

- xvii) **“Debit”** is a record of an indebtedness; specifically an entry on the left-hand side of an account constituting an addition to an expense or asset account or a deduction from a revenue, net worth, or liability account.
- xviii) **“Depreciation”** is the amount of expense charged against earnings by a company to write off the cost of a plant or machine over its useful life, giving consideration to wear and tear, obsolescence, and salvage value.
- xix) **“Expenditure”** is a cost incurred in the normal course of business to generate revenues.
- xx) **“Extraordinary Items”** are material items that are unusual in nature and occur infrequently. Both characteristics must exist for an item to be classified as an extraordinary item on the income statement.
- xxi) **“Fair Market Value”** is the price at which a willing seller will sell and a willing buyer will buy, in an arms-length transaction, when neither is under compulsion to sell or buy and both have reasonable knowledge of relevant facts.
- xxii) **“Fixed Overhead”** is those costs like rent, utilities, basic telephone, etc., that do not vary with the volume of sales. Variable overhead, on the other hand, are those costs which vary directly with production or volume of sales.
- xxiii) **“General Ledger”** is the ledger that contains all of the financial accounts of a business; contains offsetting debit and credit accounts (including control accounts).
- xxiv) **“Inventory Obsolescence”** is when inventory is no longer saleable for any reason.
- xxv) **“Interest Accrued But Not Due”** means that portion of interest income on loans and advances which has accrued for the accounting period but has not become due for payment by borrower.
- xxvi) **“Impairment Of Value”** is the permanent decline in the value of an asset.
- xxvii) **“Liability”**, in accounting, is a loan, expense, or any other form of claim on the assets of an entity that must be paid or otherwise honoured by that entity.
- xxviii) **“Posting”** is the transfer of accounting entries from a journal of original entry into a ledger book, in chronological order according to when they were generated.
- xxix) **“Pre-Paid Expenses”** are expenses that are paid in advance. Typically, insurance premiums are paid in advance of the coverage contained in the policy. Prepaid Expenses is a Current Asset for the business. This is because it is paid in advance for something for which someone owes the service.
- xxx) **“Provisions”** as distinct from reserves, are a charge on the Profit and Loss Account and are made for providing for depreciation, renewal or diminution in the value of assets, or to provide for known liabilities. If the amount of liability is not known or ascertainable in certain terms, only that amount is provided for as is considered by the management as reasonably necessary

for the purpose. Any provision that is in excess of this amount should be treated as a reserve.

- xxxi) **“Provision for doubtful Debts”** is an account established to record debts which are considered doubtful of recovery.
- xxxii) **“Sundry Creditors”** are trade accounts of businesses representing obligations to pay for goods and services received.
- xxxiii) **“Sundry Debtors”** is a current asset representing money due for services performed or merchandise sold on credit.
- xxxiv) **“Voucher”** is a piece of substantiating evidence; a proof or a written record of expenditure, disbursement, or completed transaction or a written authorization or certificate, especially one exchangeable for cash or representing a credit against future expenditures.
- xxxv) **“Work In Progress”** a piece of work that is not yet finished.
- xxxvi) **“Write-Off”** is to decrease the value of an item, e.g., a bad debt write-off decreases the sundry debtors amount, a vehicle involved in an accident and declared a write-off if the cost to repair is in excess of the value of the vehicle etc.

10. Formats / Steps involved in Book-keeping

Appendix 1

Format of Cash/Bank Receipt Voucher ("RV")

The _____ Co-operative Society Ltd. _____ Regd. No.				
<u>RECEIPT VOUCHER</u>				
No. _____		Dated _____		
S. No.	Head of Account	Cash book/ Ledger Folio No.	Debit (Rs.)	Credit (Rs.)
(Narration to be written here)				
Received Rupees _____ only				
Place: _____		_____ <i>Signature of Receiver</i>		
_____ <i>Authorised Signatory</i>				

- The above voucher type should be used to record all Cash/bank receipts except cash deposits by account holders and loan repayment by borrowers for which pay-in-slip should be used. For cash withdrawals from bank A/c contra voucher should be used.
- Separate colouring to be used for the voucher type.
- Chronological numbering of vouchers to be strictly adhered to.

Appendix 2

Format of Cash/Bank Payment Voucher ("PV")

The _____ Co-operative Society Ltd. _____ Regd. No.				
<u>PAYMENT VOUCHER</u>				
No. _____		Dated _____		
S. No.	Head of Account	Cash book/ Ledger Folio No.	Debit (Rs.)	Credit (Rs.)
(Narration to be written here)				
Paid Rupees _____ only				
Place: _____		_____ <i>Signature of Payee</i>		
_____ <i>Authorised Signatory</i>				

- Every payment recorded in the day book should be supported by proper voucher which is a documentary evidence for payment.
- The voucher shall include proper narration disclosing nature of payment, mode of payment, bill. no., name of the party and the account on which it is made.
- If the payment exceeds Rs. 500, revenue stamp should be affixed and signature of recipient should be obtained.
- The above voucher type should be distinguished from other voucher type by way of colouring.
- Vouchers to be chronologically numbered.

Appendix 3
Format of Contra Voucher (“CV”)

The _____ Co-operative Society Ltd. _____ Regd. No.				
<u>CONTRA VOUCHER</u>				
No. _____		Dated _____		
S. No.	Head of Account	Folio No.	Debit (Rs.)	Credit (Rs.)
<i>(Narration to be written here)</i>				
Rupees _____ only Place: _____				
<i>Authorised Signatory</i>				

- The above voucher should be used to record all cash deposits and withdrawals from bank account.
- Separate coloring to be used for the voucher type.
- Chronological numbering of vouchers to be strictly adhered to.

Appendix 4

Format of Purchases Voucher (“PUV”)

The _____ Co-operative Society Ltd. _____ Regd. No.				
<u>PURCHASES VOUCHER</u>				
No. _____		Dated _____		
S. No.	Head of Account	Cashbook/ Purchase Reg./ Sundry creditors L.F. No.	Debit (Rs.)	Credit (Rs.)
<i>(Narration to be written here)</i>				
Rupees _____ only Place: _____				
<i>Authorised Signatory</i>				

- All purchases to be routed through the above voucher except cash purchases for which payment voucher should be used.
- Separate coloring to be used for the voucher type.
- Chronological numbering of vouchers to be strictly adhered to.
- Purchase bills, delivery challans. and other documentary evidence should be attached to the voucher.

Appendix 5
Format of Sales Voucher ("SV")

The _____ Co-operative Society Ltd. _____		Regd. No. _____		
<u>SALES VOUCHER</u>				
No. _____		Dated _____		
S. No.	Head of Account	Cash book/ Sales Reg./ Sundry debtors L.F. No.	Debit (Rs.)	Credit (Rs.)
<i>(Narration to be written here)</i>				
Rupees _____ only Place: _____				
<i>Authorised Signatory</i>				

- All sales to be routed through the above voucher except cash sales for which receipt voucher should be used.
- Separate coloring to be used for the voucher type.
- Chronological numbering of vouchers to be strictly adhered to.
- Sales bill, delivery challans. and other documentary evidence should be attached to the voucher.

Appendix 6
Format of Journal Voucher ("JV")

The _____ Co-operative Society Ltd. _____		Regd. No. _____		
<u>JOURNAL VOUCHER</u>				
No. _____		Dated _____		
S. No.	Head of Account	Ledger Folio No.	Debit (Rs.)	Credit (Rs.)
<i>(Narration to be written here)</i>				
Place: _____				
<i>Authorised Signatory</i>				

- Journal vouchers are used to record those transactions that cannot be passed through any other voucher type. For instance, period end adjustments, closing entries, provisions, depreciation etc. are passed through journal vouchers.
- The above voucher type should be distinguished from other voucher type by way of coloring.
- Vouchers to be chronologically numbered.
- Separate coloring to be used for the voucher type.

Appendix 7

Format of Debit Note/Credit Note (“DN/CN”)

The _____ Co-operative Society Ltd. _____ Regd. No.				
<u>DEBIT / CREDIT NOTE</u>				
No. _____		Dated _____		
S. No.	Head of Account	Ledger Folio No.	Debit (Rs.)	Credit (Rs.)
<i>(Narration to be written here)</i>				
Place: _____				
<i>Authorised Signatory</i>				

- Debit notes should be used to record purchases returns, passing on any expenses to other parties or in response to the credit notes issued by other parties etc.
- Credit notes are issued stating that a particular customer is entitled to certain sum as credit for sales returns, discounts etc. credit notes are also issued in response to debit notes issued by other parties.
- Vouchers to be chronologically numbered.
- Separate coloring to be followed for above voucher type.

Appendix 8

Format of Cash withdrawal form ("CWF")

FRONT SIDE:

No. _____		<i>PASS BOOK MUST ACCOMPANY THIS WITHDRAWAL SLIP</i>	
The _____ Co-operative Society Ltd. _____ Regd. No.			
<u>WITHDRAWAL SLIP</u>			
Date _____		Branch _____	
Name _____		A/c No. _____	
PAY _____ Rupees _____ only			
			Rs. _____
Place: _____ Date: _____ Folio: _____			
<i>Authorised Signatory</i>			

BACK SIDE:

I authorize _____ (whose signature is attested below) to receive the payment of amount mentioned overleaf.

<i>Signature of authorized agent</i>	<i>Depositor</i>
--------------------------------------	------------------

Appendix 9

Format of Pay-In Slip ("PIS")

Front Side

The _____ co-op. society Ltd. _____ Regd. No.	The _____ Co-operative Society Ltd. _____ Regd. No.																																																
<u>PAY-IN-SLIP</u>	<u>PAY-IN-SLIP</u>																																																
Credit SB/FD/RD/RID A/c No. Date _____	Credit SB/FD/RD/RID A/c No. Date _____																																																
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>									<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>																																								
Of _____ Rupees	Of _____ Rupees																																																
(in words only) _____	(in words only) _____																																																
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By cash	as per details furnished overleaf.																																																
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Authorized Signatory	Authorized Signatory																																																
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	Signature of remitter																																																

Contd. ...

Back side

DENOM.	No.	Rs.	Ps.						
1000 x									
500 x									
100 x									
50 x									
20 x									
10 x									
5 x									
2 x									
1 x									
Coins									
Grand Total									

DENOM.	No.	Rs.	Ps.					
1000 x								
500 x								
100 x								
50 x								
20 x								
10 x								
5 x								
2 x								
1 x								
Coins								
Grand Total								

Cheque /DD No.	Date	Drawn on (Name of the Bank)	Place	Amount (Rs.)		Cheque /DD No.	Date	Drawn on (Name of the Bank)	Place	Amount (Rs.)

- The above voucher should be used for all deposits by accountholders.
- Separate coloring to be used for the voucher type.
- Use separate vouchers for cash deposits and deposits through cheques

Appendix 9 A

Format of Pay-In Slip ("PIS") – Loan repayment

Front Side

The _____ co-op. society Ltd. _____ Regd. No.	The _____ Co-operative Society Ltd. _____ Regd. No.																																
<u>PAY-IN-SLIP</u>	<u>PAY-IN-SLIP</u>																																
Type of Loan A/c - _____	Type of Loan A/c - _____																																
Credit of Loan A/c No. _____ Date _____	Credit of Loan A/c No. _____ Date _____																																
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>									<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>																								
Of _____ Rupees	Of _____ Rupees																																
(in words only) _____	(in words only) _____																																
_____ only.	_____ only.																																
By cash	as per details furnished overleaf.																																
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> <tr> <td style="text-align: center; font-size: small;">Rs.</td> <td style="text-align: center; font-size: small;">Ps.</td> <td colspan="6"></td> </tr> </table>									Rs.	Ps.							<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> <tr> <td style="text-align: center; font-size: small;">Rs.</td> <td style="text-align: center; font-size: small;">Ps.</td> <td colspan="6"></td> </tr> </table>									Rs.	Ps.						
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Accountant _____	Accountant _____																																
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Authorised Signatory	Authorised Signatory																																
_____	Signature of remitter																																

Contd. ...

Back side

Denom.	No.	Rs.	Ps.		Denom.	No.	Rs.	Ps.
1000 x					1000 x			
500 x					500 x			
100 x					100 x			
50 x					50 x			
20 x					20 x			
10 x					10 x			
5 x					5 x			
2 x					2 x			
1 x					1 x			
Coins					Coins			
Grand Total					Grand Total			

Cheque /DD No.	Date	Drawn on (Name of the Bank)	Place	Amount (Rs.)

Cheque /DD No.	Date	Drawn on (Name of the Bank)	Place	Amount (Rs.)

Appendix 10

ILLUSTRATION No. 1

Deposits:

Mr. X has deposited an amount of Rs. 1000 as fixed deposit on 1/2/07 in cash on which interest is payable on monthly basis at the rate of 5 % p.a. The deposit is for a period of 2 months maturing on 31/3/07. The deposit has been repaid on 31/3/07.

The various steps involved in book keeping starting from voucher generation, account opening, ledger posting, interest accounting and payment of interest and repayment of fixed deposit is summarized below.

Step 1: Voucher generation at the time of depositing.

Pay-In Slip

Front Side

The ABC Co-op. Society Ltd. 123 Regd. No. PAY-IN-SLIP	The ABC Co-operative Society Ltd. 123 Regd. No. PAY-IN-SLIP																												
Credit FD A/c No. Date <u>1/2/07</u> <table border="1" style="width: 100%; text-align: center;"> <tr><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr> </table>	X	X	X	X	X	X	X	Credit FD A/c No. Date <u>1/2/07</u> <table border="1" style="width: 100%; text-align: center;"> <tr><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr> </table>	X	X	X	X	X	X	X														
X	X	X	X	X	X	X																							
X	X	X	X	X	X	X																							
Of <u>Mr. X</u> Rupees (in words only) <u>One thousand</u>	Of <u>Mr. X</u> Rupees (in words only) <u>One thousand</u>																												
only.	only.																												
By cash <table border="1" style="width: 100%; text-align: center;"> <tr><th colspan="5">Rs.</th><th colspan="2">Ps.</th></tr> <tr><td>-</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> </table>	Rs.					Ps.		-	1	0	0	0	0	0	as per details furnished overleaf. <table border="1" style="width: 100%; text-align: center;"> <tr><th colspan="5">Rs.</th><th colspan="2">Ps.</th></tr> <tr><td>-</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> </table>	Rs.					Ps.		-	1	0	0	0	0	0
Rs.					Ps.																								
-	1	0	0	0	0	0																							
Rs.					Ps.																								
-	1	0	0	0	0	0																							
Accountant <u>XXXXXX</u>	Accountant <u>X XXXXX</u>																												
	Entered by <u>X XXXXXX</u>																												
<u>X</u>	L.F.No. <u>XXXXXXXX</u>																												
Authorised Signatory	<table border="1" style="width: 100%; text-align: center;"> <tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>2</td></tr> </table> Authorised Signatory	-	-	-	-	-	-	2																					
-	-	-	-	-	-	2																							

Back side

Denom.	No.	Rs.	Ps.		Denom.	No.	Rs.	Ps.
1000 x					1000 x			
500 x	2	1000	00		500 x	2	1000	00
100 x					100 x			
50 x					50 x			
20 x					20 x			
10 x					10 x			
5 x					5 x			
2 x					2 x			
1 x					1 x			
Coins					Coins			
Grand Total		1000	00		Grand Total		1000	00

Cheque /DD No.	Date	Drawn on (Name of the Bank)	Place	Amount (Rs.)

Cheque /DD No.	Date	Drawn on (Name of the Bank)	Place	Amount (Rs.)

Step 2: Cash book entry at the time of accepting deposit.

CASH BOOK																	
Date: 0 1 0 2 0 7																	
RECEIPT						PAYMENT											
S. No.	Particulars	Rs.				P.		Initials of authorised person/s	S. No.	Token No.	Particulars	Rs.				P.	Initials of authorised person/s
Opening cash						<i>N</i>	<i>1</i>	<i>L</i>									
1	<i>FD A/c No. XXXXX</i>	-	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>XXXXXX</i>	1							
2										2							
3										3							
Total		-	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>		Total		-	-	-	-	-	
Cash in Hand		-	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>XXXXXX</i>								

Step 3: Entry in Deposit ledger at the time of accepting deposit.

DEPOSIT LEDGER

Type of Deposit	<i>Fixed deposit</i>							DUE ON	3	1	0	3	2	0	0	7					
Date of Opening: 01/02/07	0	1	0	2	2	0	0	7	PERIOD	0	2	MONTHS									
Name and Address:	<i>Mr. X</i>							FROM	0	1	0	2	2	0	0	7					
Jointly with							TO	3	1	0	3	2	0	0	7					
	<i>PHOTO</i>							Interest Rate in % p.a.	5												
																Rs.		P.			
								AMOUNT DEPOSITED				1	0	0	0	0	0				
PAYMENT INSTRUCTIONS:	Monthly intrest payment							TOTAL INTEREST							8	0	0				
E OR S/A OR S							MATURITY VALUE				1	0	0	8	0	0				
								Date of maturity	3	1	0	3	2	0	0	7					
PARTICULARS OF LIEN				Nomination Particulars																	
LOAN A/c. No.	Date of Sanction	Date of Release	Initials	Name of Nominee																	
				Relationship with Depositor																	
				Address of Nominee																	
				If Nominee is minor:																	
				Date of birth of minor																	
				Name and Address of Guardian																	
DATE	PARTICULARS/ Instalment	AMOUNT								BALANCE				Initials of authorized person/s							
		DEPOSITED				WITHDRAWN				Rs.		P.									
		Rs.	P.	Rs.	P.	Rs.	P.														
<i>1/2/2007</i>	<i>Cash</i>	-	1	0	0	0	0							-	1	0	0	0	0	0	<i>XXXXXXXX</i>

Step 4: General Ledger Posting (Fixed deposits).

GENERAL LEDGER

Head of Account: Fixed deposits

Date	Particulars	Day Book Folio No.	Debit Rs.	Credit Rs.	Balance Rs.	Initials
<i>1/2/07</i>	<i>Cash deposits</i>	<i>XXX</i>	—	<i>1000</i>	<i>1000</i>	<i>XXX</i>

Step 5: For payment of interest of Rs. 4 on 28/2/07 voucher should be raised in the following manner for recording the transaction.

The ABC Co-operative Society Ltd. 123 Regd. No.				
<u>PAYMENT VOUCHER</u>				
No.: 66		Dated: 28/02/07		
S. No.	Head Of Account	Cash book/ Ledger Folio No.	Debit (Rs.)	Credit (Rs.)
1	Interest on deposits-FD	XXX	4	
2	Cash	XXX		4
<i>Being payment of interest on FD No. XXX for the period from 1/2/07 to 28/2/07 at the rate of 5%.</i>				
Paid Rupees <u>Four</u> only				
Place: <u>XXX</u>		<u>XXX</u> Signature of Payee		
<u>XXX XXX</u> Authorised Signatory				

Step 6: Cash book entry.

CASH BOOK																								
Date: 2 8 0 2 0 7																								
RECEIPT							PAYMENT																	
S. No.	Particulars	Rs.				P.	Initials of authorised person/s	S. No.	Token No.	Particulars	Rs.				P.	Initials of authorised person/s								
	Opening cash					2	0	0	0						XXX									
1										1					Interest on deposits					4	0	0		XXX
2										2														
3										3														
Total						2	0	0	0	Total										4	0	0		
	Cash in Hand					1	6	0	0															

Step 7: Ledger entry at the time of interest payment.

INTEREST PAYMENT / ACCRUAL

Date of Payment	Period										Product		Interest				Progressive total	Initials of authorised person/s						
	From					To					Rs.	P.	Rs.		P.									
28/02/07	0	1	0	2	0	7	2	8	0	2	0	7												XXX

Step 8: General Ledger posting.

Head of Account: Interest on deposits - FD

Date	Particulars	Day Book Folio No.	Debit Rs.	Credit Rs.	Balance Rs.	Initials
28/2/07	Cash payment	XXX	₹		₹	XXX

Step 9: Closure of deposit.

Step 9A: Repayment of deposit and payment of interest

Payment voucher should be raised in the following manner.

The ABC Co-operative Society Ltd. 123 Regd. No.				
<u>PAYMENT VOUCHER</u>				
No.: 95		Dated: 31/03/07		
S. No.	Head Of Account	Cash book/ Ledger Folio No.	Debit (Rs.)	Credit (Rs.)
1	Relevant FD A/c	XXX	1000	
2	Interest on deposits - FD for March 2007	XXX	₹	
3	Cash A/c	XXX		1004
Being repayment of FD A/c No. XXX of Mr. X.				
Paid Rupees <i>One thousand and four</i> _____ only				
Place: <u>XXX</u> _____ <u>XXX</u> _____ <div style="text-align: right;">Signature of Payee</div>				
_____ XXX Authorised Signatory				

Step 9B: Cash book entry

CASH BOOK																				
Date: 3 1 0 3 0 7																				
RECEIPT					PAYMENT															
S. No.	Particulars	Rs.			P.	Initials of authorised person/s	S. No.	Token No.	Particulars	Rs.			P.	Initials of authorised person/s						
	Opening cash		2	0	0	0	0	0						XXX						
1									1	FD A/c. No. XXX		1	0	0	0	0	0	XXX		
2									2	Interest on Deposits					4	0	0			
Total			2	0	0	0	0	0	Total						1	0	0	4	0	0
	Cash in Hand			9	9	6	0	0											XXX	

Step 9C: Ledger entry

DATE	PARTICULARS/ Installment	AMOUNT				BALANCE		Initials of authorized person/s													
		DEPOSITED		WITHDRAWN																	
		Rs.	P.	Rs.	P.	Rs.	P.														
1/2/2007	Cash	-	1	0	0	0	0	0						-	1	0	0	0	0	0	XXX
31/3/2007	Cash								-	1	0	0	0	0	0	0					XXX

Step 9D: General ledger posting

Head of Account: Fixed deposits

Date	Particulars	Day Book Folio No.	Debit Rs.	Credit Rs.	Balance Rs.	Initials
1/2/07	Cash deposits	XXX	—	1000	1000	XXX
31/3/07	Cash payment	XXX	1000		NIL	XXX

Repayment of Interest

Step 9 E: *Ledger entry at the time of interest payment.*

INTEREST PAYMENT / ACCRUAL

Date of Payment	Period						Product				Interest				Progressive total	Initials of authorised person/s											
	From			To			Rs.		P.		Rs.		P.														
31/03/07	0	1	0	3	0	7	3	1	0	3	0	7											₹	0	0		XXX

Step 9 F: *General Ledger posting*

Head of Account : Interest on deposits – FD

Date	Particulars	Day Book Folio No.	Debit Rs.	Credit Rs.	Balance Rs.	Initials
31/3/07	Cash payment	XXX	₹		₹	XXX

ILLUSTRATION No. 2

Loans:

Mr. Y has borrowed a sum of Rs. 1,000 from the society as ST loan on 1/4/07 carrying a simple interest rate of 12 % p.a. which becomes due for payment along with interest on 31/3/08..

The steps involved would be:

Step 1: Payment voucher generation for disbursement of loan.

The ABC Co-operative Society Ltd. 123 Regd. No.				
<u>PAYMENT VOUCHER</u>				
No.: 1		Dated: 01/04/07		
S. No.	Head Of Account	Cash book/ Ledger Folio No.	Debit (Rs.)	Credit (Rs.)
1	Relevant ST loan	XXX	1000	
2	Cash	XXX		1000
<i>Being disbursement of Rs. 1000 as ST loan no. XXX agst. Sanction Ref. No. XXX</i>				
Paid Rupees <u>One thousand</u> _____ only				
Place: <u>XXX</u>		<u>XXX</u> Signature of Payee		
<u>XXX</u> Authorised Signatory				

Step 2: Entry in cash book.

CASH BOOK																
Date:		<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px; text-align: center;">0</td> <td style="width: 20px; text-align: center;">1</td> <td style="width: 20px; text-align: center;">0</td> <td style="width: 20px; text-align: center;">4</td> <td style="width: 20px; text-align: center;">0</td> <td style="width: 20px; text-align: center;">7</td> </tr> </table>								0	1	0	4	0	7	
0	1	0	4	0	7											
RECEIPT					PAYMENT											
S. No.	Particulars	Rs.				P.	Initials of authorised person/s	S. No.	Token No.	Particulars	Rs.				P.	Initials of authorised person/s
	Opening cash		2	0	0	0	0	0								
1									1		1	0	0	0	0	
2									2							
	Total		2	0	0	0	0	0		Total	1	0	0	0	0	
	Cash in Hand		1	0	0	0	0	0								

Step 6: For recording interest due on loans on 31/3/08 the following journal voucher should be raised.

The ABC Co-operative Society Ltd. 123 Regd. No..				
<u>JOURNAL VOUCHER</u>				
No. <i>50</i>		Dated <i>31/03/08</i>		
S. No.	Head Of Account	Ledger Folio No.	Debit (Rs.)	Credit (Rs.)
<i>1</i>	<i>Non-overdue-interest receivable on loans</i>		<i>120</i>	
<i>2</i>	<i>Interest on loans & advances</i>			<i>120</i>
<i>Being interest from 1/4/07 to 31/3/08 being accounted on ST Loan of Mr. 4 at the rate of 12 %.</i>				
Place: <u><i>XXX</i></u>				
<i>XXX</i> Authorised Signatory				

Step 7: Ledger entry (For interest due)

Date	Particulars	Debit	Credit	Balance	No. of days	Products	Interest		Initials
							Due	Recd	
1	2	3	4	5	6	7	8	9	10
<i>1/4/2007</i>	<i>Cash</i>	<i>1000</i>	<i>-</i>	<i>1000</i>					<i>XXX</i>
<i>31/3/2008</i>	<i>Interest due</i>						<i>120</i>		<i>XXX</i>

Step 8: General ledger posting for accounting for interest income.

Head of Account: Non-overdue interest due on loan & advances

Date	Particulars	Day Book Folio No.	Debit Rs.	Credit Rs.	Balance Rs.	Initials
<i>31/03/08</i>	<i>Interest on loans</i>	<i>XXX</i>	<i>120</i>	<i>-</i>	<i>120</i>	<i>XXX</i>

Head of Account: Interest on loan & advances

Date	Particulars	Day Book Folio No.	Debit Rs.	Credit Rs.	Balance Rs.	Initials
<i>31/03/08</i>	<i>Non-overdue interest due on loans</i>	<i>XXX</i>	<i>-</i>	<i>120</i>	<i>120</i>	<i>XXX</i>

Step 9: Repayment of loan on 31/3/08.

Step 9A: Receipt voucher should be raised.

The ABC Co-operative Society Ltd. 123 Regd. No.				
RECEIPT VOUCHER				
No. 95		Dated 31/03/08		
S. No.	Head Of Account	Cash book/ Ledger Folio No.	Debit (Rs.)	Credit (Rs.)
1	Cash		1,120	
2	ST Loan No. (name)			1,000
3	Non-overdue interest due on loans			120
Being interest and principal repaid in above ST loan.				
Received Rupees <u>One thousand one hundred and twenty</u> only				
Place: <u>XXX</u>		<u>XXX</u> Signature of Receiver		
<u>XXX</u> Authorised Signatory				

Step 9B: Ledger entry on repayment of principal and interest.

Date	Particulars	Debit	Credit	Balance	No. of days	Products	Interest		Initials
							Due	Recd	
1	2	3	4	5	6	7	8	9	10
1/4/2007	Cash	1000	-	1000					XXX
31/3/2008	Interest due						120		XXX
31/3/2008	Cash		1000	NIL				120	XXX

Step 10: General ledger posting.

Head of Account: ST loans

Date	Particulars	Day Book Folio No.	Debit Rs.	Credit Rs.	Balance Rs.	Initials
01/04/07	Cash payment	XXX	1000	-	1000	XXX
31/03/08	Cash receipt	XXX	-	1000	NIL	XXX

Head of Account: Non-overdue interest due on loan & advances

Date	Particulars	Day Book Folio No.	Debit Rs.	Credit Rs.	Balance Rs.	Initials
31/03/08	Interest on loans	XXX	120	-	120	XXX
31/03/08	Cash	XXX	-	120	NIL	XXX

ANNEXURE - I

TRIAL BALANCE as on
(Last working day of the month)

Month: _____

Year: _____

LIABILITIES & INCOME

(Amount in Rs.)

Head of account in GL (As per the prescribed list)	Folio No.	Opening Balance at the beginning of the month	Total of Debit during the month	Total of Credit during the month	Closing Balance
1	2	3	4	5	6 (3+5-4)

ASSETS & EXPENDITURE

(Amount in Rs.)

Head of account in GL (As per the prescribed list)	Folio No.	Opening Balance at the beginning of the Month	Total of Debit during the month	Total of Credit during the month	Closing Balance
1	2	3	4	5	6 (3+4-5)

Note: No additional heads of accounts of GL to be added, other than prescribed in Annexure VII

ANNEXURE - II

TRADING ACCOUNT

For the month of _____

Year _____

Particulars	Amount (Rs.)		Particulars	Amount (Rs.)	
	Current Year	Previous Year		Current Year	Previous Year
1. Opening Stocks			1 Sales A/c. #		
(i) Fertilizers			1(a) Stock/Raw Material [(i) to (vii)]		
(ii) Seeds			(i) Fertilizers		
(iii) Pesticides			(ii) Seeds		
(iv) PDS Commodities			(iii) Pesticides		
(v) Non-PDS consumer items			(iv) PDS Commodities		
(vi) Foodgrains & other commodities under Govt. Procurement Scheme			(v) Non PDS consumer items		
(vii) Material under Mid-day Meal scheme			(vi) Foodgrains & other commodities under Govt. Procurement Scheme		
(viii) Any other stocks of raw materials and work-in-process			(vii) Food Products under Mid-day Meal scheme.		
2. Purchases A/c			1(b) Less Sales Returns		
2(a) Stock/Raw Material [(i) to (vii)]			1(c) Net Sales [1(a)-1(b)]		
(i) Fertilizers			2. Commission		
(ii) Seeds			3. Compensation		
(iii) Pesticides			4. Gunny Bags Sales		
(iv) PDS Commodities			5. Other Trading Income		
(v) Non PDS consumer items			6. Closing Stock		
(vi) Foodgrains & other commodities under Govt. Procurement Scheme			6.a. Gross Stock [(i) to (viii)]		
(vii) Mid-day Meal scheme			(i) Fertilisers		
2(b) Less Purchase Returns			(ii) Seeds		
2 (c) Net Purchases [2(a)-2(b)]			(iii) Pesticides		
3. Transport and other expenses on purchases.			(iv) PDS Commodities		
4. Salary for Salesman/ Manufacturing wages			(v) Non-PDS consumer items		
5. Factory expenses			(vi) Foodgrains & other commodities under Govt. Procurement Scheme		
6. Insurance for Stocks, Godown			(vii) Material under Mid-day Meal scheme		
7. Godown rent			(viii) Any other stocks of raw materials and work-in-process		
8. Electricity charges			6.b. Less: Value of stock in deficit and reduction in value of damaged / rejected stocks.		
9. Licence Fee			6.c. Net Closing Stock [6(a)-6(b)]		
10. Interest on borrowings for the non-credit activities					
11. Other expenses					
12. Trading Gross Profit carried to main Profit & Loss Account			7. Trading Loss carried to the main Profit & Loss Account		
Total			Total		

*This is a composite format of manufacturing and trading profit and loss account relating to all activities. Where appropriate, separate accounts may be drawn up for manufacturing and trading.

Sales Tax is generally deducted from Gross Sales figure and Sales Tax liability (net of payments) is shown as current liability in the Balance Sheet.

ANNEXURE – III

FORMAT OF PROFIT AND LOSS ACCOUNT OF PRIMARY AGRICULTURAL CREDIT SOCIETY (PACS) for the year ended 31 March 200__

Expenditure	Amount (Rs.)		Income	Amount (Rs.)	
	Current Year	Previous Year		Current Year	Previous Year
1. Gross loss transferred from Trading a/c			1. Gross profit transferred from Trading a/c		
2. Interest (paid and payable) on			2. Interest on Loans and Advances (Received and Receivable)		
i. Deposits					
ii. Borrowings from DCCB / SCB*					
iii. Loans availed from State Government					
iv. Borrowings from others					
3. Establishment and other Expenses			3. Income on Investments		
3.i. Salary and Allowances including Contribution to PF, Bonus, Gratuity or Pension Fund			3(i) Interest on Deposits with Banks / Institutions		
3.ii. Management expenses (expenditure relating to board meetings etc)			3(ii) Dividend on other investments		
4. Rent, Taxes, Electricity and Repair Costs on Premises			4. Rental Income		
5. Insurance			5. Admission Fees		
6. Law charges			6. Miscellaneous Income (specify details in annexure)		
7. Postage and telephone charges					
8. Printing and Stationery					
9. Audit Fees					
10. Vehicle expenses					
11. Traveling & Conveyance expenses					
12. Donations and Subscriptions					
13. Depreciation on properties					
14. Other expenses					
15. Provisions for					
i. Standard assets					
ii. NPA					
ii(a) Sub standard assets					
ii(b) Doubtful debts					
ii(c) Loss Asset					
iii. Bad and doubtful debts (credit sales)					
iv. Bad and doubtful debts (others)					
v. Depreciation in value of investments					
vi. Overdue Interest on loans					
vii. Overdue interest on investments					
viii. Others (to be specified)					
16. Profit for the year			7. Loss for the Year		
Total			Total		

* Applicable to PACS under two-tier system

Appropriation of Profits

Expenditure	Amount (Rs.)		Income	Amount (Rs.)	
	Current Year	Previous Year		Current Year	Previous Year
1. Accumulated losses (previous year)			1. Balance of profit (previous year)		
			2. Profit for the current year		
2. Profit appropriated to			3. Unclaimed dividend appropriated		
i. Agricultural Credit stabilization fund					
ii. Reserve fund					
iii. Dividend equalization fund					
iv. Other reserves/ funds (to be specified)					
v. Dividend proposed on shares					
vi. Sub-Total					
3. Balance of profit carried to Balance Sheet			4. Balance of losses carried to Balance Sheet		
Total			Total		

ANNEXURE – IV

FORMAT OF BALANCE SHEET OF PRIMARY AGRICULTURAL CREDIT SOCIETY (PACS) as on 31 March (year)

(Amount Rs.)

S. No.	Liabilities	Breakup	31 Mar 200'	31 Mar 200'
			(Current Year)	(Previous Year)
1	Capital			
	i. Authorised			
	ii. Subscribed			
	iii. Paid-up			
	a) Individuals			
	b) Government			
	c) Others			
2	Reserves and Funds (created out of surplus of PACS)			
	i. Reserve Fund			
	ii. Capital Reserve			
	iii. Agricultural Credit Stabilisation Fund			
	iv. Dividend Equalization Fund			
	v. Common Good Fund			
	vi. Building Fund (created out of surplus by PACS)			
	vii. Others (to be specified)			
3	Profit and Loss Account (if closing balance is profit)			
4	Grants and other Funds			
	i. Provident Fund			
	ii. Building Fund (received from State Government)			
	iii. Recapitalisation Assistance Fund			
	iv. Subsidies meant for Society			
	v. Subsidy meant for members			
	vi. Others (to be specified)			
5	Deposits			
	i. Savings Deposits			
	ii. Recurring Deposits			
	iii. Fixed Deposits			
	iv. Reinvestment Deposits			
	v. Others (to be specified)			

S. No.	Liabilities	Breakup	31 Mar 200'	31 Mar 200'
			(Current Year)	(Previous Year)
6	Borrowings			
	(a) Borrowings from DCCB / SCB*			
	i. ST (SAO) / KCC Credit Limit			
	ii. MT/LT Agri Loans			
	iii. MT Conversion			
	iv. MT/LT Reschedulement			
	v. SHG Loans			
	vi. Non farm sector Loans			
	vii. Cash Credit Limit for procurement of Agricultural Produce			
	viii. Cash Credit Limit for Gold Loans			
	ix. Loans against deposits with DCCB / SCB			
	x. Fertilizer Cash Credit Limit			
	xi. Seeds Cash Credit Limit			
	xii. Public Distribution Scheme CC Limit			
	xiii. Consumer Commodities CC Limit			
	xiv. Other non credit activities			
	xv. Other borrowings from DCCB / SCB (to be specified)			
	(b) Borrowings from State Government			
	(c) Borrowings from Other Institutions (details in annexure)			
7	Other Liabilities			
	i. Interest Accrued on Deposits			
	ii. Interest Accrued on Borrowings			
	iii. Unclaimed Dividend			
	iv. Sundry Creditors (details in Annexure)			
	v. Others (to be specified)			
8	Bills for Collection (being Bills Receivable as per Contra)			
9	Branch Adjustment Account			
10	Provisions			
	i. Provision for PF / Gratuity / Bonus / Pension			
	ii. Provision for Standard Assets			
	iii. Provision for Expenses			
	iv. Others (to be specified)			
Total				

* Applicable to PACS under two-tier system

Sr. No	Assets	Breakup	31 Mar 200x (Current Year)	31 Mar 200x (Previous Year)
1	Cash on Hand			
2	Balances with DCC Bank / SCB *			
	i. Current Account			
	ii. Savings Account			
3	Balances with Other Banks / Institutions			
	i. Current Account			
	ii. Savings Account			
4	Investments			
	i. Government and Trustee Securities			
	ii. Shares in Other Cooperative Institutions (specify details in annexure)			
	iii. Term Deposits with DCCB/ SCB * representing Reserve Funds (Annexure)			
	iv. Term Deposits with DCCB / SCB* (other than Reserve Funds)			
	v. Term Deposits with other banks			
	vi. NSC / KVP			
	vii. Staff PF balance with PF Trust / as deposit with Banks			
	viii. Others (Details in Annexure)			
	(a) Gross Investments			
	(b) Less: Provision for depreciation in the value of investment			
	(c) Investment net of provisions (a – b)			
5	Loans and Advances			
	i. ST (SAO) Loans / KCC Loans			
	ii. Medium Term / Long Term Agricultural Loans			
	iii. MT Conversion Loans			
	iv. MT /LT Reschedulement			
	v. Loans against pledge of agricultural produce			
	vi. SHG Loans			
	vii. Non-Farm Sector Loans			
	viii. Loans against Deposit			
	ix. Loans for Consumer Durables			
	x. Gold Loans			
	xi. Loans to Staff Members			
	xii. Other Loans (to be specified)			
	(a) Total			
	(b) Less: Provision for NPA			
	(c)Loans and Advances net of provisions (a – b)			
6	Closing Stocks			
	i. Agricultural Inputs (fertilisers, seeds and pesticides)			
	ii. Public Distribution System Commodities			
	iii. Non-PDS Consumer Items			
	iv. Food grains and other Commodities under Procurement Scheme			
	v. Materials under Mid-day Meals Scheme			
	vi. Any other stocks/ work-in-progress/goods (item-wise details in annexure)			
	(a) Total (i to vi)			
	(b) Less: Reduction for value of shortage / damaged/degraded stock			
	(c) Net closing stock (a) – (b)			

* Applicable to PACS under two-tier system

Sr. No	Assets	Breakup	31 Mar 200x (Current Year)	31 Mar 200x (Previous Year)
7	Fixed Assets (net of depreciation as per Depreciation Chart)			
	i. Land and Buildings / Godowns			
	ii. Furniture and Fixtures			
	iii. Computers and Electrical Installations			
	iv. Vehicles			
	v. Others (to be specified)			
8	Other Assets			
	1(a) Interest Accrued and Receivable (i to iii)			
	i. Interest Accrued but not due on Standard Loans			
	ii. Interest accrued but not due on NPA Loans			
	iii. Overdue interest receivable			
	1(b) Less: Provision for overdue interest			
	1(c) Net interest Accrued and Receivable (a) – (b)			
	2(a) Interest receivable on Investments			
	2(b) Less : Provision for overdue interest on investments.			
	2(c) Net Interest receivable on investments (a) – (b)			
	3 Miscellaneous Income Receivable			
	4(a) Sundry debtors (for credit sales)			
	4(b) Less: Provision for bad and doubtful Sundry Debtors (for credit sales)			
	4(c) Net Sundry debtors for credit sales {net of provision i.e. (a)-(b)}			
	5(a) Sundry debtors (others) - details in annexure			
	5(b) Less : Provision for bad and doubtful sundry debtors (others)			
	5(c) Net Sundry Debtors (others) (a – b)			
	6 Prepaid expenses			
	7 Tax Deducted at source			
	8 Others			
9	Bills Receivable (as per contra)			
10.	Branch Adjustments accounts			
11	Profit and Loss Account (if balance is loss)			
	Total :			

Note:

- i) Under 'Others', against various items of liabilities and assets only one amount will have to be shown. If there are more than one items under 'Others', the same may be shown in the Annexure.
- ii) Details of Sundry Creditors, Sundry Debtors etc., as specified in Balance Sheet may be given in the Annexure.

List of Abbreviations

A/c	Account
Agri	Agricultural
ALM	Asset Liability Management
AM	Accounting manual
Amt.	Amount
ARC	Arbitration Cases
BC	Backward Communities
BDR	Bad Debts Reserve
BS	Balance Sheet
CAR	Capital Adequacy Ratio
CAS	Common Accounting System
CCS	Co-operative Credit Structure
CN	Credit Note
Col.	Column
Cr	Credit
CRAR	Capital to Risk Weighted Assets Ratio
CRR	Cash Reserve Ratio
CV	Contra Voucher
CWF	Cash Withdrawal Form
DCB	Demand Collection Balance
DCCB/CCB	District Central Co-operative Bank
DCRR	Department for Cooperative Revival and Reforms
DN	Debit Note
Dr	Debit
Dt.	Date
E or S	Either or Survivor
e.g.	for example - <i>abbreviation of Latin 'exempli gratia'</i>
EL	Earned Leave
EP	Execution Petition
EPF	Employees' Provident Fund
Etc.	Et cetera - and so forth
EWS	Early Warning System
EX	Example
Exp.	Expenses
FD	Fixed Deposit
FDR	Fixed Deposit Receipt
GL	General Ledger
GLF	General Ledger Folio
GoI	Government of India
Govt.	Government
GTZ	German Technical Cooperation
HR	Human Resources
i.e.	that is - <i>the abbreviation i.e. comes from Latin 'id est'</i>
ICS	Internal Control System
JV	Journal Voucher
KCC	Kisan Credit Card
KVP	Kisan Vikas Patra
KYC	"Know Your Customer"

LA	Liquid Assets
LT	Long Term
M. No.	Member Number
MBC	Most Backward Communities
MC	Management Committee
MD	Matured Deposits
MF	Marginal Farmers
MIS	Management Information System
Misc.	Miscellaneous
MT	Medium Term
MTC	Medium Term Conversion
MTC (R)	Medium Term Conversion Rephasement
NABARD	National Bank for Agriculture and Rural Development
NAFSCOB	National Federation of State Co-operative Banks
No.	Number
NPA	Non-Performing Assets
OBC	Other Backward Communities
OD	Overdraft
P & L	Profit and Loss Account
PACS	Primary Agricultural Co-operative Credit Society
PAN	Permanent Account Number
PDS	Public Distribution System
PF	Provident Fund
PI	Performance Indicators
PIS	Pay-In-Slip
PUV	Purchases Voucher
PV	Payment Voucher
QVR	Quarterly Verification Report
RBI	Reserve Bank of India
RCS	Registrar of Co-operative Societies
RD	Recurring Deposit
Regn.	Registration
RID	Re-investment deposit
RM	Risk Management
RMF	Risk Management Framework
Rs.	Rupees
RV	Receipt Voucher
SAO	Seasonal Agricultural Operations
SB	Savings Bank
SBI	State Bank of India
SC	Schedule Caste
SCB	State Co-operative Bank
Secy.	Secretary
SF	Small Farmers
SHG	Self Help Group
SLR	Statutory Liquidity Ratio
Sr. No.	Serial Number
SRO	Sub Registrar's Office
ST	Short Term

ST	Schedule Tribe
SV	Sales Voucher
TDS	Tax Deducted at Source
Tel.	Telephone
TOR	Terms of Reference
VAT	Value-Added Tax
WDV	Written down value