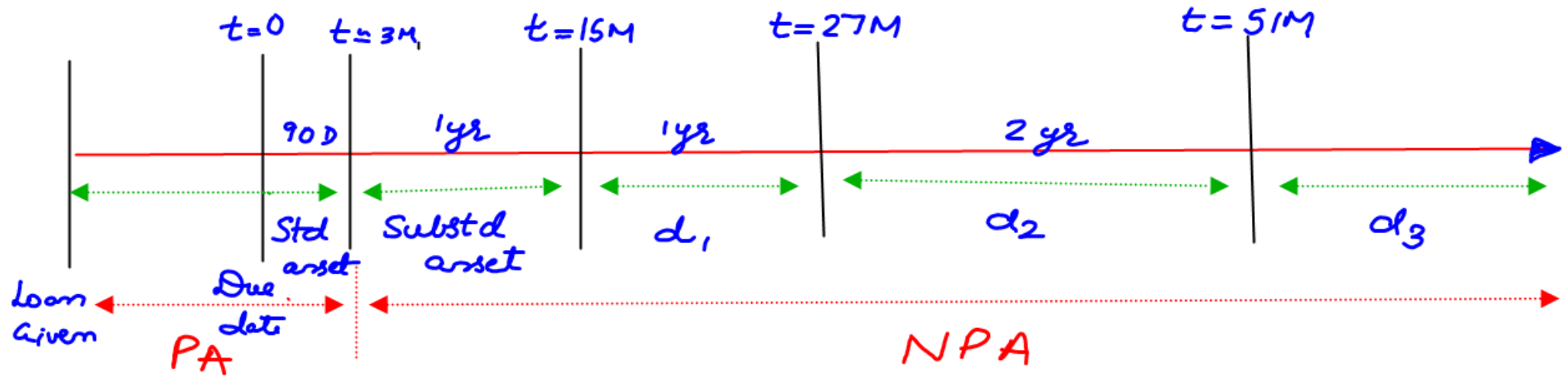


Ageing Analysis



Provision for Doubtful Debt.

Category	Subcategory	Time Period	Provision for DD.
PA	Standard	Upto 90 days from due date	0.1% loan
	Substandard	1 st year being NPA	25% Unsec + 15% secured
NPA	DOUBTFUL	d ₁	1 st year being doubtful
		d ₂	2 nd & 3 rd yr " "
		d ₃	above 3 yr " "
	loss asset	Unrecoverable or Security < 10% loan	100% loan
Small advances upto 25000 *		—	10% loan

Q7.

Computation for provision for DD.

Category	Subcatg	Time Period	Provision for DD	Amount
PA	Standard	Upto 90 days from due date	0.4% loan	$0.4\% \times 30 = 0.12$
NPA	Substd	1 st yr being NPA	25% Unsec + 15% Sec	$15\% \times 10 = 1.50$
NPA	d ₂	2 nd & 3 rd yr being doubtful	100% Unsec + 40% Sec	$100\% \times 2 + 40\% \times 3 = 3.20$
NPA	loss asset	Non recoverable	100% loan.	$100\% \times 3 = 3.00$
Small adv	upto 25000	—	10% loan	$10\% \times 2 = 0.20$
				8.02

P&L Dr

8.02

to Provision for DD
(sch 5)

8.02.

Q8 (a)

Computation for DD.

Catg	Subcatg	Time period.	Pror for DD	Amount.
PA	Std	upto 90 days from due date	0.4% Loan	0.4% 3000 = 12
NPA	Substd	1 st yr being NPA	25% Unsec + 15% sec	15% 2200 = 330.
	d1	1 st yr being doubtful	100% Unsec + 25% sec	25% 900 = 225
	d2	2 nd & 3 rd yr "	" + 40% sec	40% (600 + 400) = 400
	d3.	above 3yr.	" + 100% sec	100% 300 = 300
Loss asset	Nonrecoverable		100% Loan	100% 600 = 600
				<u>1867</u>

ECGC / DICGC Cover.

Export Credit Guarantee Comm

	(i)	(ii)	(iii)
ii)			
Loan	6000000.	6000000.	
<u>Security</u>	<u>1500000</u>	<u>1500000</u>	
bal	4500000.	4500000	
ECGC (40% of 45)	<u>1800000</u>	<u>1500000</u>	
Unsecured.	2700000.	3000000.	
			40% 45 1500000.
			<u>15</u> <u>3000000.</u>

$$\begin{aligned}
 \underline{d_2} \text{ provided} &= 100\% \text{ Unsec} + 40\% \text{ Sec} \\
 &= 100\% \cdot 3000000 + 40\% \cdot 1500000 \\
 &= 3600000.
 \end{aligned}$$

PTR

- ① If Security BV & MV is given then we consider only the MV of security.
- ② If security is in NSC, KVP, IVP, Bank FD, PO deposit, LIP then we do not require any provision against the secured ~~the~~ portion.
- ③ "Out of order" refers to.

③ "out of order" refers when

- i). Intt / Principal remains unpaid for more than 90 days ^{from due date} in case of overdraft / Cash credit.
- ii). The a/c remains unpaid for more than 90 days from due date in Term loan.
- iii). Bills remain overdue for ^{more than} 90 days. in case of B/P or B/D.
- iv). In case of agr loan, amt of loan is not paid for 2 short crop period / 1 long crop period.

④ If nothing is specified about securities than.
we assume loan to be fully secured.

⑤ Amount charged to P&L

Amnt of prov for DD, as per latest calculation

(-) Amnt of prov of DD already Existing

Amnt charged to P&L.

If -ve, then Excess prov w/o in P&L

Treatment of Interest Income related to NPA

RBI regulation: Interest on PA are considered on Accrual Basis.

Interest on NPA are considered on Cash Basis.

Method no:1 : Ignore Accrued Int on NPA.

	Intt on PA.	Intt on NPA.	Total Intt
TL	240	10	250
CC/OD.	1500	24	<u>1524</u>
			<u>1774</u>

Amount taken to Schedule B = 1774.
as Interest Income

Method 2 : Entries through Interest Suspense A/c.

Loan = 10000.
 + 1000

 11000.

75% Received 25%
 7500 2500

 7500 2500

 8250

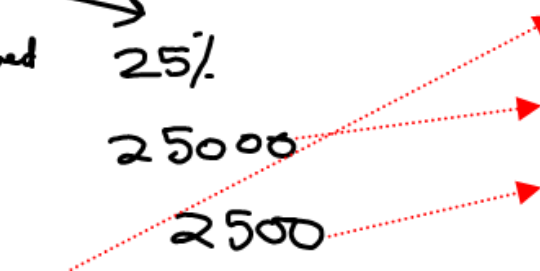
Loan

Intt

Loan Dr 10000
 to Intt Susp 1000

Bank Dr 82500.
 Bad debt Dr 25000
 Intt Susp Dr 2500

 to Loan 110000
 Intt susp Dr 7500
 to Int Income 7500



Schedule 10 . Fixed Assets

Property / Premises / L&B.

Furniture

Equipment .

Computer

Lockers

at cost

- acc depts

- Impairment
loss

Carryover amt

Schedule II.

Interoffice adj

Stationery

Intt accrued

Prepaid Exp

Adv tax

Non Banking Assets. (NBA).

- Asset seized from defaulters of loan.
- cost-depr - impairment loss
- have to sold within 7 yrs of seizure.

$$\text{DIVIDEND} = \text{DIVIDE} + \text{END}$$

→ Profit → Give to owners.

→ Liquidation →
$$\begin{array}{r} \text{Asset Realised} \\ - \text{Liab paid} \\ \hline \text{Divide + end} \end{array}$$

Loan 5 100000
- L&B(sec) 3 60000 ← MV of charged asset.

Unrec 2 40000.