

## **INTRODUCTION**

1. Most of the State Cooperative Societies Acts have provisions regarding preparation and submission of financial statements such as Balance Sheet, Profit and Loss Account and Trading Account of PACS. However, the formats for financial statements of PACS have not been prescribed in many States. The existing formats have evolved over a period of time on the basis of instructions from the RCS, Director of Audit, etc., There is no uniformity and transparency in the formats adopted by PACS within the States

2. The Task Force on Revival of Short-Term Cooperative Credit Structure observed that PACS, in many states, do not follow standard accounting systems and do not make adequate provisions against NPAs and follow proper income recognition norms. While PACS, in some States, make provisions for bad and doubtful debts as per the guidelines issued by the erstwhile Agriculture Credit Department (ACD) of Reserve Bank of India, PACS in other States like Andhra Pradesh, Uttarakhand and Kerala follow Income Recognition and Asset Classification (IRAC) norms as applicable to DCCBs/SCBs as prescribed by the Registrar of Cooperative Societies of the State concerned. A large number of PACS in many States continue to adopt single entry system of accounting, even though a number of PACS in these States have adopted double entry system of book-keeping.

3. The introduction of a Uniform Accounting System for the PACS would depend upon a number of factors like adoption of Common Financial Statements by PACS, exhaustive list of General Ledger Heads of Accounts, applicability of various accounting principles like following double entry, netting concepts, introduction of prudential norms (IRAC), viz., Income Recognition, Asset Classification and Capital Adequacy Norms. As indicated in the Revival Package, implementing States will have to adopt prudential norms for PACS in consultation with NABARD, while recapitalization assistance would provide for cleansing of the balance sheet of the PACS as on 31 March 2004, recomputing the accumulated losses based on such norms, and separate assistance for raising their capital adequacy to the level of 7% CRAR.

4. As envisaged under the Revival Package of GoI, NABARD in collaboration with GTZ devised a Simplified, Standard and Common Accounting System 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. 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.

5. Uniformity in financial statements, viz., Balance Sheet, Profit and Loss Account, Trading Account coupled with adoption of certain basic accounting principles are regarded as an essential part, while the exhaustive list of GL A/c. heads and minimum

standard set of books as suggested may be taken as best practices/measures under the CAS.

**6. Computerisation**

As discussed in the NIMC, the financial statements comprising the output of the CAS and a separate MIS will constitute the focus of computerisation at the PACS level under the Package. As computerisation in PACS in different parts of the country may be time-taking, CAS may be introduced in the PACS initially even without computerisation.

**7. Training and Hand-holding Support**

A number of sessions have been devoted to the CAS in the training modules of PACS Secretaries and board members, to introduce the subject to them in varying degrees. However, the implementation of CAS will require more training and hand holding from the Cooperation Department, depending upon the level of accounts keeping in the PACS.

## CHAPTER - I

### ACCOUNTING PRINCIPLES AND POLICIES

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.

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:

- a) **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.
- b) **Consistency** - It is assumed that the accounting policies adopted are consistent from one period to another.
- c) **Accrual** - Revenues and costs are recognised 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.

These are not specifically stated as long as the assumptions are valid. If any of the accounting assumptions do not hold good in the preparation of the financial statements, the same must be specifically disclosed.

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;
- (iv) Foodgrains and other commodities under Govt. Procurement Schemes; and
- (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 accounts keeping to record all transactions in proper manner.

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.

## 5. Accounting Principles

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

- a) Double-entry book-keeping system. All transactions to have debit and credit vouchers of equal amount.
- b) Distinctions to be drawn between capital expenditure and revenue expenditure and capital receipts and revenue receipts.
- c) Financial statements must be prepared on historical cost basis and should conform to statutory provisions and practices.
- d) Investments must be valued at the lower of cost or market value.
- e) Book debts must be valued only at the realizable amounts and in accordance with regulatory norms/ guidelines.
- f) Expenditure and income to be treated on accrual basis.
- g) Provisions for doubtful advances must be made to the satisfaction of the auditors and in accordance with guidelines issued by the regulatory authority.
- h) 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.
- i) Premises and other fixed assets must be accounted for at historical cost.
- j) Depreciation should be provided for on depreciable assets on straight line or diminishing balance method, on a consistent basis.
- k) 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.
- l) A clear demarcation to 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.
- m) The net profit disclosed in the Profit and Loss account must be computed after provision for standard loans, bad and doubtful debts, provision for overdue interest, depreciation/ erosion in the value of securities and other assets, transfers to contingency funds and other usual or necessary provisions.

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 needs to follow these principles and policies in the treatment and recording of all financial transactions.

## **CHAPTER- II**

### **FINANCIAL STATEMENTS**

1. Financial Statements of PACS would include the following statements :
  - (i) Trial Balance
  - (ii) Trading Account
  - (iii) Profit & Loss Account; and Appropriation of Profits.
  - (iv) Balance Sheet
  
2. Financial statements form part of the process of financial reporting and are drawn up with the objective of exhibiting truly and fairly the profitability and the financial position of the entity. Activity-wise trading accounts for each of the non credit activities will have to be prepared in a register form before preparing the summary trading account which is given in **Annexure V**. The formats of the Trial Balance, Trading Account, Profit and Loss Account and Balance Sheet are given in **Annexures I - IV**. [Figures are to be given for the current year and for the previous year for comparison].
  
3. The trial balance which is an extract of balances in all the heads of account in the General Ledger, and cash and bank balances is to be drawn up on a monthly basis. The format of the trial balance given hereafter incorporates opening balances, debits and credits during the month and closing balances. The debits and credits show the movement of the account during the month and the closing balances are the trial balance figures.
  
4. The Profit and Loss Account prepared at the close of the financial year discloses the manner in which the amount of profit or loss has been arrived at for the year. The items of income and expenditure which arose in the accounting year are detailed and grouped under relevant heads. The profit or loss under the Trading Account is incorporated into the overall profit and loss account. After the amount of profit or loss has been ascertained, it is appropriated or distributed for various purposes. The manner of appropriation of the profit is either shown as a separate section in the profit and loss account or is prepared as a separate appropriation account. In addition to the balance brought forward from the previous period, the balance of the profit and loss account of the current period is brought into the appropriation account. Appropriation of profits involves transfers to various reserves, setting aside amounts for payment of dividends etc. The formats of the Trading Account and Profit & Loss A/c may be used for arriving at the Income & Expenditure of the entity on monthly basis.
  
5. The Profit and Loss Account is accompanied by a Balance Sheet that shows the financial position of an entity as on the date of the Balance Sheet. The Balance Sheet is a classified summary of the balances of assets and liabilities remaining open in the General Ledger after all the income and expenditure accounts have been closed by transfer to the Profit and Loss Account. It shows the financial position of the business at a given date by disclosing the amount of capital contributed, how the same has been invested and the values of assets and liabilities of the business as at the close of the period. Understandability, relevance, reliability and comparability are the four principal qualitative attributes that make the statements useful to stakeholders. Application of these qualities results in financial statements that present a true and fair view of the financial position and performance.

The details of Steps for Preparation of Financial Statements of PACS, Explanatory Note and Annual Report are given in **Annexure VI**.

6. **Annual Closing of Accounts**

Ledger accounts of Real and Personal accounts are to be closed at the end of the year and the closing balances carried forward to the next year as opening balances. Balances in Nominal accounts are to be closed by transfer to the profit and loss account. The steps for closing the books of account and preparation of financial statements of PACS are given in **Annexure VI** (part 1).

7. **Periodicity for Financial Statements**

The trial balance, trading account and profit and loss account may be prepared on a monthly basis while the balance sheet may be prepared on a yearly basis. The Steps to be followed while preparation of Annual Report are given in **Annexure VI** (Part 3).

## CHAPTER - III

### HEADS OF ACCOUNTS IN GENERAL LEDGER

The account heads in the General Ledger are drawn up in line with the items appearing in the Balance Sheet, Profit and Loss Account and Trading Account suggested for PACS. The account heads fall under five main groups, liabilities, assets, expenses, income and trading. In cases where the societies require disaggregated data pertaining to account heads in the general ledger, PACS will be required to maintain suitable subsidiary account heads for recording the same. All ledger accounts should have the name of the account and the page or folio number for identification and reference. In respect of each transaction the following information must be given: date, particulars, folio of the book of prime entry in which the original entry exists, amount, whether debit or credit and the resultant balance. Links and cross references for 'backward' and 'forward' tracking of the transactions in the ledger should be given for easy reference and for purposes of internal control. PACS should have detailed instructions regarding permitted debits and credits in each head of account. Besides, there need to be instructions for the accounting entries to be passed in doubtful cases that do not fall clearly under one head of account or the other.

The chart of accounts suggested for PACS is designed to :

- 1) ensure uniformity and common understanding of accounts;
- 2) guide in the installation of accounting and internal control systems;
- 3) enhance transparency; and
- 4) facilitate the analysis and evaluation of financial and management performance, monitoring, supervision and business linkages.

The list of heads of accounts in the General Ledger is given in **Annexure VII**.

**CHAPTER - IV**

**BOOKS OF ACCOUNT**

1. The books of account maintained by PACS are a means to facilitate proper recording of all transactions in conformity with the accounting principles and policies followed by PACS. It is possible that transactions undergoing the same accounting treatment in adherence to recommended policies are recorded in books that differ in design and form from organization to organization. However, it is desirable that the important primary books are standardized in design and form so that there is uniformity in the procedures followed in the various steps of the accounting system. Besides, uniform maintenance of books facilitates auditing and supervision and enables comparison of information with peer organizations.

2. The books suggested for PACS have been organized and designed for recording accounting data pertaining to financial and non-financial activities of the PACS, mainly share capital, deposit, investment, credit and non-credit activities. Specimen of some important books of accounts are indicated below:

**Share Capital Ledger**

3. The share capital is contributed by the members to the extent of a specified proportion of their borrowings as prescribed in the society's byelaws. The share amount per member, thus, varies with the amount of borrowing of the member from the society. The capital is refunded when the person ceases to be a member. Dividend on share capital for a member is generally calculated on the basis of the amount and the period for which it is retained. Columns for number of days and products would facilitate dividend computation.

**PROFORMA 1**

**SHARE CAPITAL LEDGER**

Membership No.				Name:					
Date	Particulars	No. & Date of Board Resolution	Day Book Folio No.	Shares Allotted		Share Certificate Nos.	Distinctive Nos. of Shares Allotted	Shares Redeemed	
				No.	Value			No.	Value
1	2	3	4	5	6	7	8	09	10
Share Certificate Nos.	Distinctive Nos. of Shares Redeemed	Balance Shares		Share Certificate Nos.	Distinctive Nos. of Shares	No. of Days	Products	Initials	
		No.	Value						
11	12	13	14	15	16	17	18	19	

**Membership Register**

4. The membership register contains a detailed profile of the member and includes important personal information, like ration card and voter ID, nomination details, houses, farm machinery and vehicles owned by the member. A coding system may be introduced in the membership number to indicate client location, branch, gender, category of community, small farmer/marginal farmer, SHG/non-SHG etc. to facilitate preparation of statistical statements on the basis of members/borrowers.

**PROFORMA 2**

**MEMBERSHIP REGISTER**

		<b>PHOTO</b>
Membership No.:		
Board Resolution No. and date:		
Name:		Male / Female:
Date of Birth:		Ration Card No.:
Father's/Husband's Name:		Voter ID No.:
Educational Qualification:		IT PAN No.:
Category of Community:		S.B.A/c. No.:
Occupation:		Telephone No.:
Address:		Small Farmer/Marginal Farmer/others :
No. of Family Members:		Name and address of Nominee:
Number of Dependents:		Relationship of Nominee to member:
		Date of Birth of Nominee if minor:
		Name and address of guardian, if nominee is minor:
		Date of nomination:
Land owned / cultivated by Member:		

**House(s) owned by Member**

No.	Address	Built up area	Value

**Details of farm machinery owned**

Item	No.	Value
<b>Tractor</b>		
<b>Power Tiller</b>		
<b>Others (specify)</b>		
<b>Vehicles</b>		
Jeep		
Car		
Two-Wheeler		
Others		

**Particulars of Share Capital, Borrowings, etc**

Date	Share Capital Contributed (Rs)	Amt. Borrowed (Rs.)	Deposits Kept with Society (Rs.)	Remarks	Initial

**Deposits**

5. Many PACS mobilise deposits from members with a view to augmenting their resource base for expanding their loan portfolio. The spread and reach of PACS make them highly suitable for extending savings facilities to members, benefiting both PACS and the members. Deposits in PACS may broadly be grouped as savings, term, recurring and reinvestment deposits.

6. Following are the main books to be maintained for deposits.

- (i) Savings Account Ledger

- (ii) Fixed Deposit Ledger
- (iii) Recurring Deposit Ledger
- (iv) Reinvestment Deposit Ledger
- (v) Accounts Opened and Closed Register
- (vi) Due Date Register

**PROFORMA 3**

**SAVINGS ACCOUNT LEDGER**

Account No.:				Photo					
Membership No.:									
Name:									
Occupation				Name of the Nominee					
Address:				Relationship with the depositor					
Telephone No.				Date of Birth, if minor					
				Name and address of guardian, in case of minor					
Income Tax Permanent Account No. (PAN)				Operational Instructions:					
Standing Instructions:				Initials of authorised person/s:					
Register Serial No.:				Last day of Operation:					
Date	Particulars	Amount withdrawn	Amount Deposited	Balance	Initials	Monthly minimum balance	Interest	Remarks	
1	2	3	4	5	6	7	8	9	

**PROFORMA 4**

**DEPOSIT LEDGER**

Type of Deposit			DUE ON								
Date of Opening:	PHOTO		PERIOD				MONTHS				
Name and Address:			FROM								
Jointly with			To								
			Interest Rate in % p.a.								
									Rs. P.		
			AMOUNT DEPOSITED								
PAYMENT INSTRUCTIONS:			TOTAL INTEREST								
E OR S/F OR S			MATURITY VALUE								
			Date of maturity								
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.				

**INTEREST PAYMENT / ACCRUAL**

Date of Payment	Period		Product		Interest		Progressive total	Initials of authorised person/s
	From	To	Rs.	P.	Rs.	P.		

*(Received Deposit Receipt No.)*

\_\_\_\_\_  
*Signature*

**BORROWINGS**

7. Borrowings from the District Central Cooperative Bank/SCB constitute the main source for lending funds by PACS at present.

The following points are highlighted for maintaining the Borrowing Ledger:

- i. Separate folios must be allotted for recording loans based on the type and purpose of loan, eg. short term agricultural, medium term, medium term conversion, Gold loan etc.
- ii. Allotment of separate folios for different interest rates under the same type of loan would facilitate computation of cost of borrowings
- iii. Repayments must be adjusted against borrowings in the order of due dates
- iv. The format provides for several loan numbers to be recorded in a single folio for the same type of borrowing with the same interest rate from an institution

**PROFORMA 5**

**BORROWINGS LEDGER**

Borrowings from: \_\_\_\_\_ DCCB/ (Other) \_\_\_\_\_

PURPOSE	1	2	3	4	5	6	7	8
Loan No.								
Date								
Amount								
Due dates								
Rate of Interest								
Crop (in case of crop loan)								

Date	Particulars	Debit	Credit	Balance	Initials	No. Of days	Products	Interest		Remarks
								Due	Paid	
1	2	3	4	5	6	7	8	9	10	11

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## ASSETS

### Cash and Bank Balances

8. Details of receipt and payment of cash must be recorded on the same day in a Cash Book to be maintained by the PACS. Denomination wise details of notes and coins of closing cash balance of each day to be recorded as per format given in the Cash Book.

### PROFORMA 6

#### CASH Book

Date: 

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#### RECEIPT

S. No.	Particulars	Rs.				P.	Initials of authorised person/s
1							
2							
3							
<b>Total</b>							

Opening cash Total

#### PAYMENT

S. No.	Token No.	Particulars	Rs.				P.	Initials of authorised person
1								
2								
3								
<b>Total</b>								

Cash in hand Total

#### Denomination-wise Closing Cash Balance

Notes:	No. of pieces	Total Amount			
		Rs.			P.
1000 X					
500 X					
100 X					
50 X					
20 X					
10 X					
5 X					
Coins (denomination-wise details)					
<b>Total</b>					

## INVESTMENTS

9. The important aspects to be noted in recording and accounting for investments are as follows:

- (i) Investments must be properly classified and grouped according to type, investee institution, term, interest rate and recorded in separate folios.
- (ii) Periodical interest / dividend due must be collected as per due dates and accounted for; a separate due date register must be maintained for the purpose.
- (iii) Where investments are lodged as security with lending institutions, certificates of confirmation for the investments lodged must be obtained every year from the institution concerned.

- (iv) Physical verification of securities must be carried out annually and on a surprise basis.

**PROFORMA 7**

**INVESTMENT LEDGER**

<b>Name of Investee Institution</b>							
<b>Nomenclature and Type of Investment</b>							
<b>Period</b>				<b>Rate of Interest (% p.a.)</b>			
<b>Date of Maturity</b>				<b>Interest due dates</b>			
<b>Board Resolution No. and Date:</b>							
<b>Date</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>	<b>Interest/ Dividend Receipt</b>		<b>Initials of authorised person</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Date</b>	<b>Amount</b>	<b>8</b>

**Loans And Advances**

10. Loans and Advances constitute the single largest item in the balance sheet of a PACS. The loan ledger should have the member number, share capital contributed, borrower category, maximum borrowing power of the member, details of the loan sanctioned, number and date of the promissory note executed for the loan and particulars of the security lodged. The Gold Loan ledger should carry cross references to the respective entries in the Gold Stock register. Gold bags must carry identification numbers which could be the same as the loan number and the number of bags per loan must also be indicated. The medium/ long term loan ledger must have additional information on cost of investment, details of the land for which the loan is taken, disbursement details of successive instalments by the DCCB and PACS.

**PROFORMA 8**

**SHORT TERM LOAN LEDGER**

<b>M.No.:</b>		<b>Loan No.:</b>		<b>PHOTO</b>
<b>Name:</b>		<b>Loan Amount sanctioned:</b>		
<b>Maximum Borrowing Power on date of sanction:</b>				
<b>Date of Sanction:</b>		<b>Rate of Interest (%):</b>		
<b>Crop (in case of crop loan):</b>		<b>Due Date for Repayment:</b>		
<b>Deposit particulars (For Loan against Deposit):</b>				
<b>Type of Deposit:</b>				
<b>Amount:</b>				
<b>Due Date of Deposit:</b>				
<b>Rate of Interest (%):</b>				
<b>DPN No.:</b>		<b>Date:</b>		<b>Amount:</b>

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Principal Borrower

\_\_\_\_\_  
Surety

**For Produce Pledge:**

Date	Produce Pledged			Released*			Stocks on Hand			Signature of Borrower	Initials of authorised person/s
	No. of Bags	Weight (Kg.)	Value (Rs. P.)	No. of Bags	Weight (Kg.)	Value (Rs. P.)	No. of Bags	Weight (Kg.)	Value (Rs. P.)		
1	2	3	4	5	6	7	8	9	10	11	12

**For Gold Loans:**

Gold Deposited in safe on					JEWELGOLDS VERIFIED BY		
<i>Secretary (Joint Custodians)</i>			<i>President</i>				
Details of Gold Jewels pledged					Date	Name	Signature
Sl. No.	Particulars			Nos.			
Gross Weight gms	Net Weight gms	Value Rs.	Amount of Loan				
			Rs.	% p.a.			
Total Items							
No. and Date of Entry in Gold Stock Register:							
No. of bags as per Gold Stock Register					Received back the gold in good condition		
<i>Signature of the Borrower</i> (To be obtained at the time of issue of loan)					<i>Signature of the borrower with date</i>		

**Particulars of Loan Disbursed (in case of crop loans):**

S. No.	Name of the crop	Extent of land		Cash	Seed	Fertiliser	Micro nutrients	Insurance	Other	Total
		Acre	Cent							
1	2	3	4	5	6	7	8	9	10	11

Date	Particulars	Debit	Credit	Balance	No. of days	Initials	Products	Interest		Initials
								Due	Recd	
1	2	3	4	5	6		7	8	9	10

**PROFORMA 9**

**MEDIUM TERM/LONG TERM DISBURSEMENT CUM LOAN LEDGER**

Loan No.:					
Membership No.:					
Name of Borrower:					
Address:					
Village:					
Maximum Borrowing Power as on date of sanction:					
Loan amount sanctioned	Purpose	Cost of Investment	Loan amount	Benefiting area	
Disbursement Voucher No.:					
Resolution No. & Date:					
D.C.C.B. Loan No.:					
Name of village where land is situated:					
Total holding(Acre):			Wet:		Dry:
Value of the property:					
Whether assignee of land:					
Mortgage Deed No. & Date. (for LT Loan):					
Extent Mortgaged (for LT loan):					
Remarks:					

**Ledger:**

Date	Particulars	Debit	Credit	Balance	No. of days	Initials	Products	Interest		Initials
								Due	Recd	
1	2	3	4	5	6		7	8	9	10

**PROFORMA 10**

**FURNITURE, FITTINGS, OFFICE EQUIPMENT AND OTHER MOVEABLE ASSETS REGISTER**

Date	Opening balance		Stock No.	Purchase Cost			Cost of items sold/reduced/damaged			Closing Balance (undepreciated)	
	Qty	Cost		Bill No.	Qty.	Amount	Voucher No.	Qty.	Amount	Qty. (2+6-9)	Amount (3+7-10)
1	2	3	4	5	6	7	8	9	10	11	12

**Depreciation PROFORMA 11**

**DEPRECIATION CHART**

Assets	Opening balance at cost price	Written Down Value (WDV or Book Value) at the beginning of the year	Addition for purchase	WDV of asset sold/ asset written off	Book value (3+4-5)	Rate of depreciation	Accumulated depreciation up to beginning of the year	Depreciation for the year	Accumulated depreciation of the end of the year	WDV of asset at the end of the year (6-9)
1	2	3	4	5	6	7	8	9	10	11

11. The two commonly used methods are the Straight Line Method and the Reducing Balance Method. In the Straight Line Method the same amount is written off each year during the useful life of the asset so as to reduce the cost of the asset to its scrap value. In the Reducing Balance Method, a fixed percentage of the diminishing value of the asset is written off each year so as to reduce the asset to its scrap value at the end of its useful life. In this method, the annual charge for depreciation decreases from year to year. This method has the advantage that the decreasing amount of depreciation coupled with the likely increasing amount of repairs makes the overall effect fairly uniform every year. In both methods the normal practice is to carry the asset at nominal value after expiry of useful life, in order to have physical control over the asset. The entity may select any of the two methods considered appropriate and apply it consistently from year to year.

**PROFORMA 12**

**SUNDRY DEBTORS LEDGER**

Date	Folio of Day Book	Voucher No.	Particulars	Debit	Credit	Balance	Date of corresponding Debit \$	Initials
1	2	3	4	5	6	7	8	9

\$ To be indicated in the case of all credit entries in the register

**PROFORMA 13**

**SUNDRY CREDITORS LEDGER**

Date	Folio of Day Book	Voucher No.	Particulars	Debit	Credit	Balance	Date of corresponding credit \$\$	Initials
1	2	3	4	5	6	7	8	9

\$\$ To be indicated in the case of all debit entries in the register

**Safe Deposit Locker Operation**

12. PACS which accept deposits, often offer members the facility of safe custody of valuables (mostly jewels) in safe-deposit lockers within the society premises. This is carried out as a subsidiary activity to meet the need of customers in villages of keeping their valuables in a secure environment. Rent is collected from hirers of lockers and this contributes to the revenue of the society. The register should contain the following details: name/s, address and membership number of hirer/s, date of hiring, locker and key details, savings account no., operating instructions, password, nomination details and rent payable and collected. All rentals may be made payable on a single specified day to obviate monitoring of due dates. The date and time of operation on the locker must be recorded and signed by the hirer and the authorised official. The format of the register is given below:

**PROFORMA 14**

**SAFE DEPOSIT LOCKER OPERATION REGISTER**

<b>Name/s of Hirer/s:</b>	1				
	2		<b>Locker No.:</b>		
	3		<b>Annual Rent: Rs.</b>		
<b>M. No.:</b>			<b>Key No.:</b>		
<b>Date of Hiring Locker</b>					
<b>Nomination Registration No. and Date</b>			<b>Savings Account No.:</b>		
			<b>Operational Instructions</b>		
			<b>Anyone</b>	<b>Joint</b>	<b>E or S</b>
<b>Password:</b>			<b>Special Instructions:</b>		

**Particulars of Rent Collection**

<b>Date</b>	<b>Rent collected (Rs.)</b>	<b>Balance (if any, period for which due)</b>	<b>Initials of authorised persons</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>

**Particulars of Operations**

<b>Date of Operation</b>	<b>Signature of Hirer</b>	<b>Time</b>		<b>Initials of authorised persons</b>
		<b>In</b>	<b>Out</b>	

It is desirable to have a fixed day (e.g. 1<sup>st</sup> Jan.) of the year for payment of locker rent, to avoid maintenance of a due date diary. Locker rent may be collected from the date of hiring to 31<sup>st</sup> March during the first year of hiring the lockers.

**Insurance Policy Register**

13. PACS may maintain an Insurance Policy register for recording details of policies taken, items covered by insurance, risks covered and due dates for payment of premium. PACS may take an annual inventory of policy cover to ensure that all major risks are covered adequately. The format for the Insurance Policy register is given below:

**PROFORMA 15**

**INSURANCE POLICY REGISTER**

<b>S.</b>	<b>Name of</b>	<b>Items</b>	<b>Risks</b>	<b>Policy</b>	<b>Premium</b>	<b>Remarks</b>	<b>Initials of</b>
-----------	----------------	--------------	--------------	---------------	----------------	----------------	--------------------

No.	Insurance Company	covered by insurance	covered	Date	No.	Amount	Due date	Amount	Due Date	Date of payment		authorised persons
1	2	3	4	5	6	7	8	9	10	11	12	13

### Minutes Book

14. The Minutes Book is an important record of subjects discussed and decisions taken by the board/management and other committees of the society. The book should contain an accurate record of resolutions passed and the record must be signed by the Chairman of the board / committee. It is important as evidence to ensure that decisions are taken at appropriate levels and to monitor the performance of the board and management. Important observations and decisions by the board/committees may guide the PACS in decision making in special situations. The names and designation of the members attending the meeting must be recorded and their signatures obtained. A separate minutes book and attendance register may be maintained for General Body meetings.

### PROFORMA 16

### MINUTES BOOK

#### Meeting of Board of Management/ EC

Date		Time:	
Names and designation of members present:		Signature:	

Agenda No.	Subject	Resolution

Signature of President/ Chairman to be obtained on each page for resolutions recorded. A separate book to be maintained for General Body meetings

## NON CREDIT ACTIVITIES

15. Many PACS undertake non credit activities in order to provide value-added services to members like distribution of agricultural inputs, viz. fertiliser, seed, pesticide and micronutrients etc. PACS in several states are entrusted with the handling of the Public Distribution System Scheme (PDS) of the Government for supplying rationed articles to ration card holders. Provision and retail shops, government schemes for mid-day meals and procurement of specific commodities from growers, processing activities and other services are some of the other activities carried out by PACS. The non credit activities of PACS may be grouped under the following five categories:

- a) Trading of Agricultural Inputs
- b) Trading of Public Distribution System (PDS) items
- c) Trading of Non-PDS consumer items
- d) Business under Government Procurement Scheme, and
- e) Business under Socially relevant programmes such as Mid-day Meals Programme.

15.2 Services on agency/ lease basis like selling of Insurance Products, locker facilities to customers and payment of utilities are additional services offered by PACS.

15.3 As regards trading activities, daily sales must be consolidated item wise in a Sales register from which the figures may be posted in the Day Book. The Sales Register must have the invoice number, name of customer, and the sale of each item in terms of quantity and value. The format for the register is given below:

## PROFORMA 17

### SALES REGISTER (for non-credit activity)

Activity: \_\_\_\_\_

Date: \_\_\_\_\_

S. No.	Bill No.	Name of Member	SALES							
			1.....		2 .....		.....etc..		.....	
			Qty	Value	Qty	Value	Qty	Value	Qty	Value
1	2	3	4	5	6	7	8	9	10	11

16. An inventory must be prepared of all stock in hand at the end of the year and the cost<sup>1</sup> ascertained at historical cost on the basis of first-in first-out or weighted average method on a consistent basis. The stock must then be valued at cost or net realizable value whichever is lower.

## PROFORMA 18

### STOCK REGISTER

Name of Item: \_\_\_\_\_

<sup>1</sup> Cost is the expenditure incurred in bringing the inventory to the place and the condition in which the goods concerned are to be sold.

Date	Invoice/ Cash Memo	Particulars	Day Book Folio	Opening Stock		Purchases		Reduction in Stock (Qty)		
				Qty	Value	Qty	Value	Sales	Impairment	Total
1	2	3	4	5	6	7	8	9	10	11

Closing Stock <sup>2</sup>		Initials of authorised person/s
Qty	Value <sup>3</sup>	

**PROFORMA 19**

**DAY BOOK**

Date: .....

Sr.No.	* No. Of vouchers	Particulars	General Ledger Folio No.	Sub Ledger Folio No.	Receipt / Debit			Initials of authorised person/s
					Cash	Transfer	Total	
		Opening balance of cash						
		<b>Total</b>						

S.No.	*No. Of Vouchers	Particulars	General Ledger Folio No.	Sub Ledger Folio No.	Payment / Credit			Initials of authorised person/s
					Cash	Transfer	Total	
		Closing balance of cash						
		<b>Total</b>						

\* All transactions under various GL A/c. heads on the day may be totalled and no. of vouchers indicated in the column, while balances would appear, either under cash or transfer column or both.

**PROFORMA 20**

**BANK BOOK (ACCOUNTS MAINTAINED WITH DCCB/ OTHER BANKS)**

	Bank	Account Type	Account No.
<b>Account 1</b>			

<sup>2</sup> Additional columns may be added to facilitate calculation of weighted average cost /cost on FIFO basis

<sup>3</sup> Valuation at cost or net realizable value whichever is lower

<b>Account 2</b>			
...			

Date	Voucher No.	Particulars	Date of credit/ debit given by bank	Debit	Credit	Balance	Initial	Remarks
1	2	3	4	5	6	7	8	9
		<b>Total</b>						

Separate folios may be used for separate accounts with different banks.

17. The General Ledger contains in a summarized form information on all accounts the details of which are shown in the books of original entry and in other subsidiary records. Figures must be posted everyday from the Day Book into the respective accounts in the General Ledger which must contain references to the Day Book folios.

**PROFORMA 21**

**GENERAL LEDGER**

**Head of Account:** \_\_\_\_\_

Date	Particulars	Day Book Folio No.	Debit	Credit	Balance	Initials

18. Balances of all the accounts in the General Ledger must be extracted every month and a trial balance prepared as per prescribed format. The information contained in this ledger is used to compile, besides the trial balance, the profit and loss account and balance sheet of the PACS. An alphabetical index of the heads of account makes for easy reference and identification of folios.

**PROFORMA 22**

**MONTHLY INTEREST PAYMENT REGISTER (FD)**

Name of Depositor:		Credit to:		Savings Account No.	
F.D. No.				Date of Transfer:	

**Maturity Date:**

**Record of Interest paid:**

Date	Interest paid (Rs.)	Initials
1	2	3

FD receipt and FD ledger must carry a notation to indicate that interest on the FD is payable monthly.

**PROFORMA 23**

**ACCOUNTS OPENED AND CLOSED REGISTER**

S. No.	Account Number	Name of the Account Holder	Date of		Total No. of Accounts subsisting	Remarks	Initials
			Opening	Closure / Transfer			
1	2	3	4	5	6	7	8

Separate folios to be maintained for each personal account type.

**PROFORMA 24**

**GOLD STOCK REGISTER**

S. No.	Gold bags lodged			Gold bags withdrawn			Total No. of bags in safe	Signature of Joint Custodians
	Date of lodgement	Loan No.	No. of Bags	Date of withdrawal	Loan No.	No. of Bags		
1	2	3	4	5	6	7	8	9

Note

- The gold bags may be marked with the respective loan nos. suffixed by the serial no. of bags out of the total, e.g. 3 gold bags with loan no. 023574 may be marked as 023574 followed by 1/3, 2/3 and 3/3 for the three bags
- The register should be kept in safe custody under the responsibility of authorised officials

**PROFORMA 25**

**MATURITY REGISTER FOR TERM, RECURRING AND REINVESTMENT  
DEPOSITS QUARTERLY\***

Deposits maturing in \_\_\_\_\_ Quarter (year)

Date of Deposit	Deposit No.	Date of Maturity	Amount payable on maturity	Amount paid	Balance
1	2	3	4	5	5

\*The periodicity for which the register is to be maintained may vary according to the requirement of the PACS

Separate folios may be allotted for each period

**PROFORMA 26**

**REGISTER FOR ACKNOWLEDGEMENT OF DEBT**

As on date: \_\_\_\_\_

I hereby acknowledge that I have outstanding dues to the society to the extent indicated in Col. 6 against my name in respect of borrowings availed by me from the Society.

S. No.	M. No.	Name of the Borrower	Loan No.	Type of Loan	Outstanding	Signature of	
						Borrower	Surety
1	2	3	4	5	6	7	8

Acknowledgement must be obtained from all the members for all loans outstanding at the end of each financial year

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

Month .....

Year : .....

**LIABILITIES & INCOME**

(Amount in Rs.)

Head of account in GL <i>(As per the prescribed list given in Annexure VII )</i>	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**

Head of account in GL <i>(As per the prescribed list given in Annexure VII)</i>	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 the ones prescribed in Annexure VII**

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. including Sales Tax		
(i) Fertilisers			1(a) Stock/Raw Material [(i) to (vii)]		
(ii) Seeds			(i) Fertilisers		
(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) Fertilisers			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				
<b>12. Trading Gross Profit carried to main Profit &amp; Loss Account</b>			<b>7. Trading Loss carried to the main Profit &amp; Loss Account</b>	
<b>Total</b>			<b>Total</b>	

\*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.

### 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
<b>1. Gross loss transferred from Trading a/c</b>			<b>1. Gross profit transferred from Trading a/c</b>		
<b>2. Interest (paid and payable) on</b>			<b>2. Interest on Loans and Advances (Received and Receivable)</b>		
i. Deposits					
ii. Borrowings from DCCB / SCB*					
iii. Loans availed from State Government					
iv. Borrowings from others					
<b>3. Establishment and other Expenses</b>			<b>3. Income on Investments</b>		
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		
<b>4. Rent, Taxes, Electricity and Repair Costs on Premises</b>			<b>4. Rental Income</b>		
<b>5. Insurance</b>			<b>5. Admission Fees</b>		
<b>6. Law charges</b>			<b>6. Miscellaneous Income (specify details in annexure)</b>		
<b>7. Postage and telephone charges</b>					
<b>8. Printing and Stationery</b>					
<b>9. Audit Fees</b>					
<b>10. Vehicle expenses</b>					
<b>11. Traveling &amp; Conveyance expenses</b>					
<b>12. Donations and Subscriptions</b>					
<b>13. Depreciation on properties</b>					
<b>14. Other expenses</b>					
<b>15. Provisions for</b>					
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)					
<b>16. Profit for the year</b>			<b>7. Loss for the Year</b>		
<b>Total</b>			<b>Total</b>		

\* 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		
<b>Total</b>			<b>Total</b>		

\*\* Wherever the unclaimed dividends are not likely to be claimed by the share holders, such amounts can be appropriated.

**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)
<b>1</b>	<b>Capital</b>			
	i) Authorised			
	ii) Subscribed			
	iii) Paid-up			
	a) Individuals			
	b) Government			
	c) Others			
<b>2</b>	<b>Reserves and Funds (created out of surplus of PACS)</b>			
	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)			
<b>3</b>	<b>Profit and Loss Account (if closing balance is profit)</b>			
<b>4</b>	<b>Grants and other Funds</b>			
	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)			
<b>5</b>	<b>Deposits</b>			
	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)
<b>6</b>	<b>Borrowings</b>			
	□(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)			
<b>7</b>	<b>Other Liabilities</b>			
	(i) Interest Accrued on Deposits			
	(ii) Interest Accrued on Borrowings			
	(iii) Unclaimed Dividend			
	(iv) Sundry Creditors (details in Annexure)			
	(v) Others (to be specified)			
<b>8</b>	<b>Bills for Collection (being Bills Receivable as per Contra)</b>			
<b>9</b>	<b>Branch Adjustment Account</b>			
<b>10</b>	<b>Provisions</b>			
	(i)Provision for PF / Gratuity / Bonus / Pension			
	(ii)Provision for Standard Assets			
	(iii)Provision for Expenses			
	(iv)Others (to be specified)			
	<b>Total</b>			

\* 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)			
	<b>(a) Gross Investments</b>			
	<b>(b) Less: Provision for depreciation in the value of investment</b>			
	<b>(c) Investment net of provisions (a - b)</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)			
	<b>(a) Total</b>			
	<b>(b) Less: Provision for NPA</b>			
	<b>(c) Loans and Advances net of provisions (a - b)</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)			
	<b>(a) Total ( i to vi)</b>			

	(b) Less: Reduction for value of shortage / damaged/degraded stock			
	(c) Net closing stock (a) - (b)			
<b>Sr. No</b>	<b>Assets</b>	<b>Breakup</b>	<b>31 Mar 200x (Current Year)</b>	<b>31 Mar 200x (Previous Year)</b>
<b>7</b>	<b>Fixed Assets</b> (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)			
<b>8</b>	<b>Other Assets</b>			
	<b>1 (a)</b> 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			
	<b>1(b)</b> Less: Provision for overdue interest			
	<b>1(c)</b> Net interest Accrued and Receivable (a) - (b)			
	<b>2(a)</b> Interest receivable on Investments			
	<b>2(b)</b> Less : Provision for overdue interest on investments.			
	<b>2(c)</b> Net Interest receivable on investments (a) - (b)			
	<b>3.</b> Miscellaneous Income Receivable			
	<b>4(a)</b> Sundry debtors (for credit sales)			
	<b>4(b)</b> Less: Provision for bad and doubtful Sundry Debtors (for credit sales)			
	<b>4(c)</b> Net Sundry debtors for credit sales {net of provision i.e. (a)-(b)}			
	<b>5 (a)</b> Sundry debtors (others) - details in annexure			
	<b>5(b)</b> Less : Provision for bad and doubtful sundry debtors (others)			
	<b>5(c)</b> Net Sundry Debtors (others) (a - b)			
	<b>6.</b> Prepaid expenses			
	<b>7.</b> Tax Deducted at source			
	<b>8.</b> Others			
<b>9</b>	<b>Bills Receivable (as per contra)</b>			
<b>10.</b>	<b>Branch Adjustments accounts</b>			
<b>11</b>	<b>Profit and Loss Account (if balance is loss)</b>			
	<b>Total :</b>			

**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 P&L A/c., and Balance Sheet may be given in the Annexure.

**ANNEXURE - V**

**Trading Accounts - For Different Non-Credit Activities - Summary Position thereof  
To be maintained as Register (will not form part of Financial Statements)**

(Amount in Rupees)

Item	Open- ing Stock	Purch- ases	Purch- ase Returns	Net Purch- ase	Go- down Rent	Trans- portation expenses	Salary of Sales- men	Insurance for stocks/ godown	Interest on borrow- ings	Other expenses	Total expenses (3 + 6 + 7 + 8 + 9 + 10 + 11 + 12)	Sales	Sales Return	Net Sales	Commis- sion Compen- sation	Gunny bag sales	Other Trading Income	Gross Closing Stock	Value of deficit, rejected, impaired stock	Net Closing Stock	Total Income (16 + 17 + + 19 + 22 + 23)	
2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
Trading of cultural goods																						
Traders																						
Wholesalers																						
Exporters																						
Imports																						
<b>Total</b>																						
Trading of agricultural products (PDS)																						
Traders																						
Wholesalers																						
Exporters																						
Imports																						
<b>Total</b>																						
Trading of - PDS																						
Traders																						
Wholesalers																						
Exporters																						
Imports																						
<b>Total</b>																						
Trading of grains & oilseeds																						
Traders																						
Wholesalers																						
Exporters																						
Imports																						
<b>Total</b>																						



**STEPS FOR PREPARATION OF FINANCIAL STATEMENTS OF PACS, EXPLANATORY NOTE AND ANNUAL REPORT**

**Part 1**

**Steps for preparation of Financial Statements of PACS**

Financial statements of PACS would include the following statements:-

- (i) Trial balance
  - (ii) Trading Account
  - (iii) Profit and Loss Account & Appropriation of Profits
  - (iv) Balance sheet & Annexures to P/L & Balance Sheet.
2. The following steps may 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 bank book / 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 (31<sup>st</sup> 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 are due but not paid** up to 31<sup>st</sup> 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. Provision for standard assets should be made as per norms.

- (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 **totalled 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.

### 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 Annexure VII should be prepared**.

### 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 in Annexures II, III & IV.
- (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 format suggested in Annexure V**. 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 requirements 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 in Annexure IV. 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 the Annexure.
- (vii) No additional General Ledger Heads of Accounts to be opened other than the ones prescribed in Annexure VII. 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, G.L 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.

5. 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.

## **Part 2**

### **6. 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.

### **Part 3**

#### **7. 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 and women beneficiaries, maintenance of SHGs and Farmers' clubs etc., 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.

## LIST OF HEADS OF ACCOUNT IN GENERAL LEDGER

**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
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 / SCB<sup>4</sup>
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 or Pension Fund)
2. Management expenses (expenditure relating to board meetings etc)
3. Rent, Taxes, Electricity
4. Repair Costs on 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
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

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<sup>4</sup> Applicable to PACS under two-tier system

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