

**MAINTENANCE OF CASH BOOK-I(Wrong)****(Rs. In lakh)**

<b>Dr. (Receipt)</b>				<b>Cr. (Payment)</b>			
<b>Date</b>	<b>Particulars</b>	<b>Ledger Folio</b>	<b>Amount</b>	<b>Date</b>	<b>Particulars</b>	<b>Ledger Folio</b>	<b>Amount</b>
1.4.16	RKVY Receipt		10.00	1.4.16	Bank Deposits		10.00
3.4.16	Drawl from Bank		5.00	3.4.16	--	---	--
9.4.16	---	---	---	9.4.16	Release Kangra Mandi Shimla		1.00 3.00 1.00
9.5.16	Cash refund by Mandi		1.00	9.5.16	Bank Deposit		<b>1.00</b>

**MAINTENANCE OF CASH BOOK-II (Wrong)**

**(Rs. In lakh)**

<b>Dr. (Receipt)</b>				<b>Cr. (Payment)</b>			
<b>Date</b>	<b>Particulars</b>	<b>Ledger Folio</b>	<b>Amount</b>	<b>Date</b>	<b>Particulars</b>	<b>Ledger Folio</b>	<b>Amount</b>
1.4.16	Opening Balance RKVY Receipt G.Total		5.00 10.00 15.00	1.4.16	Exp. C/Balance G.Total		Nil 15.00 15.00
3.4.16	O. Balance Drawl from Bank G.Total		15.00 5.00 20.00	3.4.16	Exp. C/Balance G.Total		Nil 20.00 20.00
9.4.16	O. Balance G.Total		20.00 20.00	9.4.16	Release Kangra Mandi Shimla Exp. C/Balance G.Total		1.00 3.00 1.00 5.00 15.00 20.00
9.5.16	O. Balance Cash refund by Mandi Drawl from Bank G.Total		15.00 1.00 8.00 24.00	9.5.16	Bank Deposit Paid to Mr.A Exp. C/Balance G.Total		1.00 2.00 3.00 21.00 24.00

**Note:** Actual balance is Rs. 9.00 lacs , whereas cash book showing 21.00 lacs.

**MAINTENANCE OF CASH BOOK-III(Right)**

**(Rs. In lacs)**

<b>Dr. (Receipt)</b>				<b>Cr. (Payment)</b>			
<b>Date</b>	<b>Particulars</b>	<b>Ledger Folio</b>	<b>Amount</b>	<b>Date</b>	<b>Particulars</b>	<b>Ledger Folio</b>	<b>Amount</b>
1.4.16	<b>Opening Balance</b> RKVY/Bank Receipt G.Total		5.00  10.00 15.00	1.4.16	---  Exp. C/Balance G.Total		---  Nil 15.00 15.00
3.4.16	<b>O. Balance</b> Drawl from Bank G.Total		---	---	---	---	----
9.4.16	<b>O. Balance</b>     <b>G.Total</b>		15.00     15.00	9.4.16	<b>Release/Bank</b> <b>(RKVY)</b> Kangra Mandi Shimla Exp. C/Balance G.Total		1.00 3.00 1.00  5.00 10.00 15.00
9.5.16	<b>O.Balance</b>  Cash refund /Bank by Mandi  <b>G.Total</b>		10.00  1.00  11.00	9.5.16	<b>Paid to Mr.A</b>    Exp. C/Balance G.Total		2.00    2.00 9.00 11.00

**MAINTENANCE OF ACCOUNTS IN ANIMAL  
HUSBANDRY DEPARTMENT**

**Dummy Module for Practice (RKVY)**

## **WHAT IS ACCOUNTING ?**

Accounting is the art of recording, classifying and summarizing financial transactions and events, in a significant manner and interpretation of their results.

## **WHAT IS DOUBLE ENTRY SYSTEM ?:**

Every transaction must be recorded twice in an accounting system in two or more accounts with equal debits and credits called double entry system. It provides an automatic check on the arithmetic accuracy of accounting.

## **ACCOUNTS / BOOKS TO BE MAINTAINED AT DDO level**

**Cash Book :** There should be one Cash Book for each DDO under the Project/ Scheme followed by other subsidiary accounts like Bank Ledger, Grant Register, Work Ledger and Advance/Release Register.

**Grant Register:** It shows the total funds received as grant (Centre + State Share) under Project at a glance. **(Dr. the Bank and Cr. The Grant Account)**

**Bank Ledger:** There should be separate Bank Ledger Account for each Bank Account under the Scheme/ Project. It will facilitate to know the Project-wise Bank balances and their reconciliation with the balances of cash book from time to time. **(Dr. the Bank and Cr. The Grant Register A/c).**

**Component-wise Work Ledger:** It should be maintained separately component-wise (Cold chain, LN2 Plant, AI Facility & Construction works, etc.) for each Project/ Scheme. These separate accounts maintained work-wise will help us to know the component-wise earmarking / releases and utilization of funds from time to time. All the debit entries of Grant Register should be tallied with the credit entries of component-wise Work Ledger. It is necessary to have the work-wise detail of expenditure in respect of particular project. (Cr. The earmarking/ receipt and Dr. the exp. Charged to the work.)

**Project Implementing Agency (PIA) Release Account:** It may be maintained separately component-wise or District wise (Cold chain, LN2 Plant, AI Facility & Construction works, etc.) for each Scheme/ Project for Centre + State Share. It is not necessary that all component-wise earmarked funds are advanced to the DDOs

and also not necessary that all funds advanced to the DDOs are reported as utilized in one go by the PIA to DDO and DDO to H/Q. This account will also serve the purpose of Progress register as required by the GOI to be maintained. **(Dr. the releases and Cr. The adjustment/ exp. Reported).**

**Interest Account :** It should depict Bank Account-wise interest accrued from time to time under Project.

**DUMMY ACCOUNTS UNDER RASHTRIYA KRISHI VIKAS YOJANA(RKVY) IN ANIMAL HUSBANDRY Deptt. (Distt. Level, at Chamba)**

These accounts are prepared on the basis of Dummy receipt at Distt. H/q Chamba under RKVY from Directorate or State Govt. As on 1.11.16, under RKVY Rs. 9.00 lac with component wise denomination received as under:-

Cold chain Rs. 3.00 lakh,  
 LN2 Plant Rs. NIL lakh,  
 Artificial Insemination(AI) facility Rs. 2.00 lakh and for  
 Const. Works Rs. 4.00 lakh

The above funds have been deposited directly in the newly opened Saving Bank A/c on the same day. On 3.11.16 some funds have been **released as advance** to the following three Vety Hospitals Chamba, Mehla & Tissa for further utilization and to submit UCs to the Distt. H/Q, as per component wise denomination as under :-

Name of Institutions	Cold Chain Rs. In lac	LN2 Plant Rs. In lac	A.I. Facility Rs. In lac	Const. Works Rs. In lac	Total in lakh Rs. In lac
VH. Chamba	1.00	0	1.00	2.00	4.00
V.H. Mehla	1.00	0	1.00	00	2.00
V.H. Tissa	1.00	0	0	2.00	3.00
Total	3.00	0	2.00	4.00	<b>9.00</b>

In the mean time as on 4.11.16 concerned Saving Bank A/c entered Interest accrued Rs. 1.00 lakh in the Bank Pass book and Rs. 1.00 lakh found online deposited by the V.H.Tissa as cash refund under Construction Work due to non feasibility of proposed work. Thereafter on 31.3.17, at the end of the Financial Year, out of the above release, Institution wise **status of funds utilization** is found as under:-

Name of Institutions	Cold Chain	LN2 Plant	A.I. Facility	Const. Works	Total in lakh Rs. In lac
VH. Chamba	1.00	0	0.50	1.50	3.00
V.H. Mehla	0.50	0	0	00	0.50
V.H. Tissa	0.60	0	0	0.40	1.00
Total	2.10	0	0.50	1.90	<b>4.50</b>

Please prepare cash book, Ledger accounts by showing Expenditure and Advance released separately, to satisfy the authorities from time to time as well as to submit reporting to the Directorate as per ledger accounts.

## **BASIC PRINCIPLES OF ACCOUNTING**

<b>Sr. No.</b>	<b>Event</b>	<b>DR.</b>	<b>CR.</b>
1	Receipt	Bank	Scheme (RKVY) (Actual Total Receipt)
2.	Adjustment	Scheme (RKVY)	Component wise Work Ledger (Work-wise receipt)
3.	Release (Payment)	Release V.H./ PIA	Bank
4.	Adjustment (on reporting of exp)	Component wise Work Ledger (Work-wise Exp.)	Release V.H / PIA



**MAINTENANCE OF CASH BOOK at Dy. Director office Chamba**

**(Rs. In lacs)**

<b>Dr. (Receipt)</b>				<b>Cr. (Payment)</b>			
<b>Date</b>	<b>Particulars</b>	<b>Ledger</b>	<b>Amount</b>	<b>Date</b>	<b>Particulars</b>	<b>Ledger Folio Slide No.</b>	<b>Amount</b>
1.11.16	RKVY/Bank		9.00	--	--		---
4.11.16	Interest accrued		1.00	4.11.16	V.HChamba V.H. Mehla V.H. Tissa		4.00 2.00 3.00
4.11.16	Bank/ Cash refund by Tissa		1.00	--	--		--
						Exp.	9.00
						C.B.	2.00
	<b>Total</b>		<b>11.00</b>			<b>Total</b>	<b>11.00</b>

**BANK LEDGER at CHAMBA (Rs. In lakh)****A/c No. -----**

<b>DATE</b>	<b>PARTICULARS</b>	<b>LEDGER FOLIO/ SLIDE NO.</b>	<b>DR.</b>	<b>CR.</b>	<b>DR/CR</b>	<b>Balance</b>
1.11.2016	Receipt		9.00		DR	9.00
4.11.2016	Release to VH. Chamba			4.00	DR	5.00
4.11.2016	Release to VH Mehla			2.00	DR	3.00
4.11.2016	Release to VH Tissa			3.00	DR	NIL
4.11.16	Interest accrued		1.00	--	Dr.	1.00
4.11.16	Cash refund by TISSA		1.00	--	Dr.	2.00

**RKVY GRANT REGISTER at Distt. H/Q Chamba (Rs. In lac)**

DATE	PARTICULARS	LEDGER FOLIO	DR.	CR.	DR/CR	AMOUNT
1.11.16	Receipt			9.00	CR.	9.00
2.11.16	Adjustment					
	Cold Chain		3.00		Cr.	6.00
	A.I. Facility		2.00		CR.	4.00
	Const. Works		4.00		CR.	NIL
	<b>Total</b>		<b>9.00</b>	9.00	<b>CR.</b>	<b>NIL</b>

**COMPONENT-WISE WORK LEDGER OF RKVY at Distt. H/Q CHAMBA  
(Rs. In lac)**

<b>Cold Chain</b>						
<b>DATE</b>	<b>PARTICULARS</b>	<b>LEDGER FOLIO</b>	<b>DR.</b>	<b>CR.</b>	<b>DR/ CR</b>	<b>Balance</b>
3.11.16	Receipt			3.00	CR	3.00
9.6.12	Exp. Reported by VH Chamba		1.00		Cr	2.00
	Exp. Reported by VH Mehla		0.50		Cr.	1.50
	Exp. Reported by VH Tissa		0.60		Cr.	0.90
	<b>Total</b>		<b>2.10</b>	<b>3.00</b>	<b>Cr.</b>	<b>0.90</b>
<b>1. A.I. Facility</b>						
2.11.16	Receipt			2.00	Cr.	2.00
31.3.17	Exp. Reported by VH Chamba		0.50	-	Cr.	1.50
	<b>Total</b>		<b>0.50</b>	<b>2.00</b>	<b>Cr.</b>	<b>1.50</b>
<b>2. Construction Works.</b>						
2.11.16	Receipt		-	4.00	Cr.	4.00
31.3.17	Exp. By VH Chamba		1.50	--	Cr.	2.50
31.3.17	Exp. By VH Tissa		0.40	--	Cr.	2.10
	<b>TOTAL</b>		<b>1.90</b>	<b>4.00</b>	<b>CR</b>	<b>2.10</b>
<b>3. Interest</b>						
4.11.16	Receipt a/c. No. ---			1.00	CR	1.00
	<b>Total</b>		<b>0</b>	<b>1.00</b>	<b>Cr.</b>	<b>1.00</b>
	<b>G. Total</b>		<b>4.50</b>	<b>10.00</b>	<b>Cr.</b>	<b>5.50</b>

**INSTITUTION- WISE AND COMPONENT WISE RELEASE LEDGER****V.H. CHAMBA (RELEASE) (Rs. In lac)**

<b>Cold Chain</b>						
<b>DATE</b>	<b>PARTICULARS</b>	<b>LEDGER FOLIO</b>	<b>DR.</b>	<b>CR.</b>	<b>DR/CR</b>	<b>Balance</b>
3.11.16	RELEASE		1.00		DR	1.00
31.3.17	EXP./UC			1.00	DR	NIL
<b>A.I. FACILITY</b>						
3.11.16	RELEASE		1.00		DR	1.00
31.3.17	EXP./UC			0.50	DR	0.50
<b>CONST. WORKS/PWD</b>						
3.11.16	RELEASE		2.00		DR	2.00
31.3.17	EXP./UC			1.50	DR	0.50
<b>31.3.17</b>	<b>G. TOTAL</b>		<b>4.00</b>	<b>3.00</b>	<b>DR</b>	<b>1.00</b>

**VH MEHLA, (RELEASE)**

**(Rs. In lac)**

<b>Cold Chain</b>						
<b>DATE</b>	<b>PARTICULARS</b>	<b>LEDGER FOLIO</b>	<b>DR.</b>	<b>CR.</b>	<b>DR/CR</b>	<b>Balance</b>
3.11.16	RELEASE		1.00		DR	1.00
31.3.17	EXP./UC			0.50	DR	0.50
<b>A.I. FACILITY</b>						
3.11.16	RELEASE		1.00		DR	1.00
	<b>G. TOTAL</b>		<b>2.00</b>	<b>0.50</b>	<b>DR</b>	<b>1.50</b>
<b>CONST. WORKS</b>						

**VH TISSA (RELEASE Account)****(Rs. In lac)**

<b>Cold Chain</b>						
<b>DATE</b>	<b>PARTICULARS</b>	<b>LEDGER FOLIO</b>	<b>DR.</b>	<b>CR.</b>	<b>DR/C R</b>	<b>Balance</b>
3.11.16	RELEASE		1.00		DR	1.00
31.3.17	EXP./UC			0.60	DR	0.40
<b>CONST. WORKS</b>						
3.11.16	RELEASE		2.00		DR	2.00
31.3.17	EXP./UC			0.40	DR	1.60
31.3.17	CASH REFUND			1.00	DR	0.60
	<b>G. TOTAL</b>		<b>3.00</b>	<b>2.00</b>	<b>DR.</b>	<b>1.00</b>

**TRIAL BALANCE OF RKVY SCHEME AT DISTT. H/Q CHAMBA  
AS ON 31.3.2017  
(RS IN Lac)**

PARTICULARS	DR.	CR.
<b>BANK</b>		
A/c No. (8) Rs. 2.00	2.00	---
A/c No. (8) Rs.		
<b>Release/ Advance</b>		
With VH CHAMBA (13)	1.00	
With VH MEHLA (14)	1.50	
With VH TISSA	1.00	
<b>Work/ Expenditure</b>		
COLD CHAIN		0.90
A.I. FACILITY		1.50
CONST. WORKS		2.10
<b>Interest accrued</b>		
A/c No. ----- Rs. 1.00		1.00
<b>TOTAL</b>	<b>5.50</b>	<b>5.50</b>



### **INTERPRETATION OF ACCOUNTS/LOCATION OF INFORMATION**

<b>S.No.</b>	<b>Information</b>	<b>Location</b>
1.	Total Receipt under RKVY	Total of Cr. Entries of Grant Register/ Scheme Ledger
2.	Component-wise Receipt in any Project	Total of Cr. Entries column of Component-wise Work Ledger
3.	Total release to PIAs/Distt.	Total of Dr. Entries column of Advance/Release
4.	MPR (Total Component-wise Periodical Expenditure)	Total of Dr. Entries of Component-wise Work Ledger
5.	Un-utilized Funds	Total of Balances of Component-wise Work Ledger
6.	Funds un-utilized with PIAs/Distts.	Total of balances of Component-wise Advance Ledger
7.	Interest Earned	As per Bank Ledger /Interest Ledger

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## **What is Trial Balance:**

Trial Balance is a list of Debit & Credit balances extract from the Ledger. This statement when totaled, must tally, if tally, it shows that the books/accounts maintained are arithmetically correct.

But Trial Balance is not a sure proof of accuracy of accounts maintained. There are certain errors which do not affect the Trial Balance. The errors are as under:-

1. **Errors of Omission:** Both Debit & Credit entries are omitted.
2. **Errors of commission:** 1) Wrong posting of account e.g. Mr. A's account is debited instead of B's account.  
2) Wrong Entry in the Books- Receipt of 4.00 lac taken as 40000/-
3. **Compensating Errors:** Over/under Debit/credit is neutralized by over/under Debit/credit by same amount.
4. **Errors of Principle:** Incorrect classification e.g. RKVY receipt shown as NPBB receipt.

## **Steps helping to tally the Trial Balance.**

1. While extracting Debit & Credit balances no balance is missed.
2. Re-check the totals of Trial Balance
3. Re-check that there are no mistakes in calculations/ balances.
4. Opening Balance is correct as per Closing Balance of previous year
5. Check that Debit balances are not taken as Credit balance & vice-versa.
6. Figures in points are not taken as whole and vice-versa.
7. Receipt is not taken as expenditure & vice-versa.
8. Interest accrued and bank charges deducted are not overlooked.
9. Mistake may be somewhere else, a searching look would definitely find the mistake.

## Bank Reconciliation Statement

A reconciliation statement is prepared to indicate and reconcile the difference between the bank balance as per Bank Pass Book and the balance shown in the Bank column of cash book. This statement is prepared at various intervals to agree the two balances on a given date ( Must be on monthly basis as a routine matter). These balances do not tally normally. The items which cause difference may be of following nature:-

1. Items of the cash book which are entered in its bank column but do not find place in the Bank Pass book e.g.
  - 1) Cheques/RTGS paid into Bank but not credited in the pass book.
  - 2) Cheques/RTGS issued to the Creditors but not presented for payment in the Bank.
2. There are Certain items which find place in the Bank Pass book but are not entered in the cash book:-
  - (1) Interest accrued on saving & current bank account
  - (2) Bank charges and commission of the Bank
  - (3) Dishonoured cheques or bill.

All these differences are to be removed to reconcile the balances in the cash book and bank pass book. There are two methods of reconciliation, 1) Balance of cash book is taken as starting point. 2) Balance of Bank Pass Book is taken as the starting point.

3. Reconciliation on the basis of Cash Book Balance as starting point :-

Sr. No.	Detail of entry	Effect (+) or (-)
1.	Cheque issued through cash book ,but not presented /paid from bank	(+)
2.	Cheque deposited in the bank, but not credited in the Bank pass book	(-)
3.	Interest earned as per pass book but not entered in the Cash Book	(+)
4	Bank charges/ commission deducted by the bank, but not entered as exp. In the cash book.	(-)
5	Dishonoured cheques/ RTGS entered in the cash book.	(+)

**Note:** Where the balance as per Bank Pass book is taken as starting point, the above process would be reversed.

**Problem 1.**

From the particulars given below, prepare a **Bank Reconciliation statement** as on **31<sup>st</sup> March, 2016**. (Figures are in Rupees).

(i)	Balance as per Cash Book	5,000/-
(ii)	Balance as per Bank pass book on 31.3.2016 is	13530/-
(iii)	Cheques paid into Bank but not credited in the Pass Book on 29-03-2016	1,000/-
(iv)	Cheques issued to the creditors but not presented for payment upto 31-03-2016	500/-
(v)	Bank charges not entered in Cash Book	10/-
(vi)	Credit for interest in the Pass Book, which does not find place in the Cash Book	40/-
(vii)	On 30-6-15 closing balance in cash book was Rs. 9990/- but taken as opening balance Rs. 990/- on 1.7.2015.	

**Solution:-**

Detail of entry	Amount
<b>Balance as per Cash book on 31.3.2016</b>	<b>5000</b>
Cheque paid into bank but not credited in pass book	(-)1000
Cheque issued but not presented in bank	(+) 500
Bank charges not entered in cash book	(-) 10
Interest in pass book not entered in cash book	(+) 40
At CBP— dated 1.7.2015 opening balance taken less Rs. 9000/- (9990(-)990)	(+)9000
<b>Balance as per Pass book on 31.3.2016</b>	<b>13530</b>

In case bank balance is taken as starting point:-

<b>Detail of entry</b>	<b>Amount</b>
<b>Balance as per Pass book on 31.3.2016</b>	<b>13530</b>
Cheque paid into bank but not credited in pass book	(+)1000
Cheque issued but not presented in bank	(-) 500
Bank charges not entered in cash book	(+) 10
Interest in pass book not entered in cash book	(-) 40
At CBP— dated 1.7.2015 opening balance taken less Rs. 9000/-(9990(-)990)	(-)9000
<b>Balance as per Pass book on 31.3.2016</b>	<b>5000</b>

