



INSTRUCTION CIRCULAR
NUMBER 014

SUBJECT

HALF YEARLY CLOSING OF ACCOUNTS
ON 30TH JUNE, 1977

PAGE 1

DATE May 20, 1977

QUERIES TO: -

The half-yearly closing of accounts of our Bank will take place on June 30, 1977. Branch Managers should properly assign the work to members of staff, and should ensure that they understand the details of the work assigned to them. All statements required to be submitted must be correctly prepared. Branches in the Middle East Region should send their returns, in duplicate, to Regional Office, Abu Dhabi and branches in all other regions should send them, in duplicate, to Regional Office, London.

The other details are as under:-

PART 'A' - EXPENDITURE HEADS

(1) Interest/Service Charges on Current Accounts

Interest is not paid on Current Accounts in terms of Inter-Bank Agreement. However, a minimum service charge may be charged on small and un-remunerative current accounts at the discretion of the Manager. Service charge rates for the branches will be separately notified by the regional offices.

(2) Interest on Savings Accounts

Interest on Savings Accounts will be applied as usual. All Savings Account Ledgers should be balanced before application of interest and should again be balanced after interest has been applied. While calculating interest the balance outstanding on the date of interest application should be treated as outstanding during the remaining period of June 1977, and no adjustment should be made for any variation in the balance during the remaining days of June 1977.

(3) Interest on Call Deposit/Term Deposits/Deposits from Banks

Interest on the above deposits should be calculated at the agreed rates upto 30th June, 1977 and booked as under:

Debit: Profit & Loss A/C (Expenditure) -
Interest Paid on _____ Deposit

Credit: Sundry Creditors - Expenditure Payable -
Interest on _____ Deposit.

Note: (Under the current Accrual Accounting System, the monthly liability for interest on the above accounts is already being booked each month as above. As such only the interest for the month of June 1977 will be required to be booked).

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(4) Interest on Borrowings from Banks

Interest on such borrowings, if any, must be provided at the agreed rate from the date of borrowing or the date of last credit given upto 30th June, 1977 (The note on Accrual Accounting in para 3 also applies to this para).

(5) Interest on Inter-Branch Accounts

Interest on Inter-Branch Accounts should be applied at the notified rate. The balance as on the date of application of interest shall be treated as the balance maintained for the rest of June and no adjustment should be made. The Interest Advice should be originated by the Account Holding Branch which should convey the interest figure by telegram/telex to the Account Maintaining Branch. The maintaining branch should respond the interest amount in their books only after receiving the advice.

(6) Salary & Allowances to Staff Members

Salary and Allowances to staff members for the month of June, 1977 should be disbursed as given out in the calendar attached.

(7) Depreciation of Furniture and Equipment Account and Capitalised Expenditure

Provision for depreciation on furniture and equipment should be calculated at the rates mentioned below:-

		<u>UAE Region</u>	<u>Other than UAE Region</u>
(a) Furniture & Fixture	..	10% p.a.	10% p.a.
(b) Carpets	..	25% "	-
(c) Vehicles	..	20% p.a.	25% p.a.
(d) Machines & Equipment	..	20% "	20% "
(e) Capitalised Expenditure	..	25% "	Spread over period of lease.

Under the Accrual Accounting System, provision for depreciation should have been booked upto 31st May, 1977. The additional depreciation should now be calculated for the remaining period upto 30th June, 1977 in accordance with the earlier instructions.

Note:

- (i) The opening balances of all items of Furniture and Equipment on 1.1. 1977 must agree with the Closing balance as on 31.12.1976..
- (ii) The entries for depreciation should be passed in the books on the date shown in the calendar although depreciation will be calculated upto 30th June, 1977.

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(iii) The total provision of depreciation from 1st June, 1977 to 30th June, 1977 should be reflected in the "Sundry Creditors A/C" - Expenditure Payable: Depreciation on

The contra debit should be reflected in the corresponding expenditure sub-heads of the account "Depreciation/Amortization" Code No. 31110.

(iv) The amount of depreciation should be calculated on pro rata basis according to the period for which the relative item has been in use/purchased.

(8) Stationery Consumed

Stationery consumed upto the date of passing the entries should be debited to Profit and Loss - Expenditure A/C - Stationery, and credited to Other Assets - Stock of Stationery Account.

The Stock of Stationery Account should be properly balanced after passing the entries for the stationery consumed during the period and the stock on hand should be verified, by proper stock taking.

INCOME HEADS

(9) Interest on Loans and Advances

Interest on all categories of Loans/Advances chargeable at monthly rest must be calculated upto 30th June, and charged to respective party account and credited to respective income account. For all interest chargeable other than on monthly rest (by regulatory or special arrangement) the accrued income should be computed and booked as under:-

Debit: Other Assets Suspense A/C - Income Receivable - Code 206597/12
Interest on Loan _____

Credit: Income A/C . Interest Receivable on _____

(10) Interest on Placements/Deposits with Banks

Interest on all such accounts must be properly computed at agreed rates, upto 30th June. If the deposits are on Demand in interest bearing current Account, the respective Account will be debited directly. If the deposits are on Term Deposits, the computed interest should be debited to Other Assets A/C. Income Receivable - Interest on Deposits with banks and credited to Income A/C - Interest on deposit with bank.

(11) Interest on Borrowings by other Banks

Interest receivable on such borrowing by other banks should be computed upto 30th June, 1977, and provided for as under:-

Debit: Other Assets (Interest Receivable) Interest on
Borrowings by other Banks



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Credit: Income A/C. - Interest on Borrowings by other Banks.

(12) Interest on Inter Branch (Lendings)

Please see para 5 above.

(13) Accrued Income/Expenditure

The total of accrued income and expenditure should be computed as laid down in Chapter IX of Accounting Manual and the corresponding amounts should be reflected in the General Ledger/Statement of Affairs under the respective head - Other Assets. Total reflected under these two heads should be fully reconciled with the total of the subsidiary heads included therein. The details are required to be submitted with the Half Yearly Account Returns.

(14) Prepaid Expenses/Income Received in Advance

The treatment of these items should also be as per the procedure explained in Chapter IX - Accounting Manual.

(15) Statement of Income & Expenditure

A Consolidated Statement of Income and Expenditure on Form ACT-F-31 and ACT-F-31/A should be prepared to arrive at the Profit or Loss position of your branch as on 30th June, 1977 including adjustment for all accrued and prepaid income and expenditure.

The net profit or loss position of the branch, after making proper provision as mentioned above, should be conveyed by telegram or telex to reach the Regional Office, Abu Dhabi & London latest by 1st July, 1977.

PART 'B' - STATEMENT OF AFFAIRS (ASSETS SIDE)

(1) Excess Cash Amount

Entries pertaining to excess in cash outstanding upto 31st March 1977 should be adjusted by crediting the amount to Profit and Loss - income - Miscellaneous Earnings.

(2) Due From Banks/Branches/Affiliates

These should be shown under three categories - Demand, Short Term upto 30 days, and Term over 30 days. The subsidiary ledger should be balanced Bank/Branch-wise and currency-wise.

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(3) Borrowings from Banks

As far as possible, borrowings from Banks and other Financial Institutions if any, should be settled before the end of June 1977. This, however, does not apply to deposits received from Banks and other financial Institutions in the normal course of business.

(4) P.A.D.

The current procedure provides for monthly accrual and charging of interest on PAD. The PAD accounts must accordingly reflect the above position.

(5) Temporary Overdrafts

Efforts should be made to have all Temporary Overdrafts and Excess over Limits allowed to various customers adjusted as soon as possible so that such temporary facilities may not remain outstanding at the time of half yearly closing.

(6) Revaluation of Foreign Currency Holdings:

Foreign currency balances held with various banks and correspondents as well as foreign currency notes in hand should be revalued at the current ruling rate on 30th June, 1977.

The resulting profit or loss, if any, on such holdings should be booked to the credit or debit of Profit/Loss on Exchange Trading. Similarly, profit or loss, on forward purchase or sale contracts for foreign currencies, outstanding on 30th June 1977 should be computed and booked in as laid down in the Circular for Accounting/Recording of Foreign Exchange Transactions bearing no. 015 dated 20.11.1974.

(7) Revaluation of Investments

Bank's investments in stock and other securities should be reviewed and depreciation, if any, in such investments should be accounted for by making suitable provision as laid down in the Accrual Accounting Circular no. 016 dated 20.11.1974. Appreciation, if any, in investment, may be taken into account only after obtaining prior approval from the Regional Office.

(8) Other Assets (Stock of Stationery/Stamps/Adv. Dep.)

The annual closing stationery contains separate statements wherein details of the above accounts have to be filled in and fully reconciled with the corresponding heads in the Statement of Affairs.



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(9) Other Assets - Advance Rent

A separate format for advance Rent has been designed which should be clearly filled in.

(10) Suspense Account

Endeavour should be made to have all the entries in Suspense Account adjusted before the Half Yearly Closing of Accounts. Special attention should be paid to adjust all the entries outstanding in Sundry Debtors Accounts and Other Suspense Accounts. You should also ensure that entries pertaining to expenses incurred for opening of branches have either been debited to capitalized expenditure and is being regularly written off as per rate fixed or debited directly to Expenditure A/C.

(11) Other Assets - Receivable

This should be fully reconciled with the subsidiary head contained therein.

(12) Capitalised Expenditure

Details must be provided in the relative statements.

(13) Furniture/Fixtures

The relative statements should be correctly filled in after applying current rates of depreciation. The opening balance must agree with the closing balance of 31st December 1976 (Form ACT-F-35A and ACT-F-37).

(14) Contra Accounts/Assets/Liabilities

All heads under this series on Assets side must fully agree with the corresponding contra heads on the liabilities side.

LIABILITY SIDE

(1) Due to Banks/Branches/Affiliates

Please note contents of para 2 of Part B. As we are required to completely knock-off the Inter Branch holdings of deposits, great care should be taken to fully reconcile your branch's position as on 30.6.1977 with all other branches with whom accounts are maintained.

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QUERIES TO:
-(2) Confirmation of Balances from Customers

Letters requesting confirmation of balances to customers maintaining credit balances (Form no. DEP-F-4) & Debit balances (Form no. ADV-F-5) should be mailed to the customers alongwith statements of their accounts and confirmation letters received from them duly signed should be filed in the respective confirmation file, after verifying the signatures of customers thereon. Letters requesting confirmation of balances are not required to be sent to customers maintaining fixed/term deposits where special Receipts are issued and where cheque books are not issued for withdrawal of funds on maturity.

PART 'C' - CLOSING STATIONERY(1) Half-yearly Closing Statements

Three sets of forms required for preparing half yearly closing statements are being sent to all the branches. The Managers are advised to obtain additional quantity of forms, if required, well in advance so that submission of statements to Regional Office is not held up due to non-availability of relative forms.

(2) Method of Submission of Half Yearly Returns to Regional Office & Head Office

The branches in M/E Region will submit two copies of the statements to the Regional Office, Abu Dhabi, separately packed in two specially printed brown envelopes marked to Regional Office and Head Office. Branches in other than M/E Region will submit their statements in a similar way to Regional Office, London in the specially printed envelopes supplied to them. After scrutiny Regional Offices at Abu Dhabi and London will forward Head Office set of statements to the Head Office, Luxembourg for BCCI SA branches and to Paris office for BCCI (Overseas) branches. It may please be noted that the Statements detailed in this Circular are in addition to daily, weekly, fortnightly monthly and quarterly statements prescribed earlier. It is necessary that all the statements are correctly prepared and mailed as soon as possible after the half yearly closing but not later than 5th July, 1977.

(3) Telex/Telegraphic Submission of Basic Data

The following figures of your branch, as on June 30, 1977 (after closing of Accounts) should be communicated by Telegram/Telex/Telephone to the Accounting Control Department of the respective Regional Offices as soon as possible after the closing but not later than July 1, 1977.

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- a) Deposits from customers
- b) Deposits from banks
- c) Borrowings from banks
- d) Borrowings from Central Bank
- e) Deposits with Banks (Our placements)
- f) Borrowings by banks
- g) Sundry creditors
- h) Other Assets
- i) Total Advances
- j) Total Letters of Guarantee outstanding
- k) (i) Letter of Credits Outstanding
(ii) Acceptances Outstanding
- l) Total Outstanding - Forward Sale contracts of Foreign Currency
- m) Total Outstanding - Forward Purchase Contracts of Foreign Currency
- n) Total number of Current Accounts
- o) Total number of Savings Bank Accounts
- p) Profit/Loss position
- q) (i) No. of Loan Accounts
(ii) No. of O.D. Accounts
- r) No of officers & staff (separately)

Month end figures under 17 columns should be reported to the Special Cell, Regional Office as usual.

NOTE:

The following are attached with the circulars for the guidance of the branches and subsidiaries.

- 1) List of statement to be submitted as on 30th June, 1977 given in Annexure 'A'
- 2) Half yearly 1977 closing calendar in Annexure 'B' for different regions

MASIHUR RAHMAN

HUMAYUN SADIQ

LIST OF STATEMENTS TO BE SUBMITTED ON 31.12.1977

- | | | |
|-----|---|---------------------------|
| 1. | Statement of Affairs
(After Closing) | (Form No. ACT-F-21 & 21A) |
| 2. | Savings Account Balances | (Form No. ACT-F-6) |
| 3. | Current Account Balances | (Form No. ACT-F-6) |
| 4. | Term Deposits and Short Term Deposits
overdue and other term Deposits
(separate statements for different
heads of account) | (Form No. ACT-F-7) |
| 5. | Outstandings in Sundry Creditors
(Please mention date of entry
particulars and amount for each
outstanding entry) | (Form No. ACT-F-12) |
| 6. | Consolidated Statements of
Income & Expenditure

(To be prepared after <u>making</u> all
provisions <u>and before</u> merging
Income and Expenditure Accounts
to find out net profit or Loss
Position) | (Form No. ACT-F-31/31A) |
| 7. | Loan against foreign bills | (Form No. ADV-F-7) |
| 8. | Packing Credits | (Form No. ADV-F-7) |
| 9. | Payment against Documents | (Form No. EXCH-F-9) |
| 10. | Loan against Trust Receipt | (Form No. ADV-F-7) |
| 11. | Loan against Imported Merchandise | (Form No. EXCH-F-10) |
| 12. | Cash Credit Against Goods | (Form No. ADV-F-7) |
| 13. | Foreign Bills Purchased | (Form No. ACT-F-16) |
| 14. | Local Bills Discounted | (Form No. ACT-F-16) |
| 15. | Local Bills Purchased | (Form No. ACT-F-16) |
| 16. | Temporary Overdrafts | (Form No. ACT-F-13) |
| 17. | Overdrafts (clean) | (Form No. ADV-F-07) |
| 18. | Overdrafts (Secured) | (Form No. ADV-F-07) |

19. Loan (Clean) (Form No. ADV-F-07)
20. Secured Loans (Form No. ADV-F-07)
21. Loans/Advances to Staff (Proforma enclosed)
22. Investments in Stocks and Securities (Form No. ACT-F-08)
23. Interest/Income Accrued on Investments (Form No. ACT-F-09)
24. Stock of Stationery (Form No. ACT-F-10)
25. Statement of Cash in Hand (Proforma enclosed)
26. Stamps on Hand (Form No. ACT-F-11)
27. Advance Rent (Proforma enclosed)
28. Separate Statements for outstanding in subsidiary accounts of OTHER ASSETS 20600 mentioning date of outstanding, full particulars of all outstanding items and the amount (Form No. ACT-F-12)
29. Capitalised Expenditure (Proforma enclosed)
30. Furniture and Equipment (This statement should be prepared in a manner to clearly reflect items (along with cost thereof) provided at the residence of various staff members and the officer premises separately.) (Form No. ACT-F-35 A & 37)
31. Statement of Letters of Guarantee issued and outstanding as on 31.12.1977. In this statement please report all outstanding Letters of Guarantee individually, and mention nature of commitment such as "Earnest Deposit for Tender" "Purchase of Goods on Credit" "Advance Payment against Contract" etc. (as the case may be) in the last column (Form No. ACT-F-36)

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32. Letter of Credit Outstanding (Form No. EXCH-F-13)
33. Acceptance Outstanding (Form No. ADV-F-07)
34. Reconciliation Statement of all accounts maintained with branches and correspondents alongwith certificates of balances from relative banks. Wherever certificates of balances are not readily available, submission of this statement may not be held up. The certificate of balance may be submitted subsequently to Regional Office, as soon as available. (Form No. EXCH-F-22)
35. Forward Purchase/Sale Contracts for foreign Currencies (Proforma enclosed)
36. Nil Statements (Whenever nothing is to be reported under a particular head of account) (Form No. ACT-F-01)
37. Any other statement necessary for Regional (regulatory) requirement
38. Details of Income Receivable (Proforma enclosed)
39. Details of Expenditure Payable (Proforma enclosed)
40. Statement of Due From Banks (Proforma enclosed)
41. Statement of Due to Banks (Proforma enclosed)

UK/CONTINENT/MIDDLE EAST BRANCHES
HALF-YEARLY 1977 - CLOSING CALENDAR

	<u>UAE Region</u>	<u>Other Regions</u>
Apply Service Charges Current Accounts	13.6.77	16.6.77
Provide Depreciation on Furniture & Equipment & Capitalised Expenditure etc.	15.6.77	15.6.77
a) Payment of Salaries to Staff Members)		
b) Balancing of Savings/7 days Deposit)		
Account Ledgers)	16.6.77	20.6.77
a) Application of Interest on Savings/)		
7 days Deposits)		
b) Balancing of Savings/7 days Deposits)		
after application of interest)	23.6.77	23.6.77
Interest on - i) Call Deposits		
ii) Fixed/Term Deposits	23.6.77	24.6.77
Revaluation of Investments)		
Excess cash prior to March '77 to be)		
transferred to Income Account)		
Provisions to be made for:)		
i) Accrued Income)		
ii) Accrued Expenditure)		
iii) Prepaid Expenses)		Earlier than
iv) Income Received in Advance)	23.6.77	28.6.77
Interest on Inter Branch Balances	27.6.77	24.6.77
Interest on - i) Deposits from Banks)		
ii) Borrowings from Banks)		
iii) Loans and Advances)		
iv) Deposits with Banks)		
v) Borrowings by other Banks)	27.6.77	24.6.77
Interest on Loans/Overdrafts	28.6.77	24.6.77
Entries to be passed for Stationery consumed	28.6.77	20.6.77
a) Telex/telephone advice about figures of)		
deposits/advances/other statistics and)		
results etc. to Regional Office)		
b) Revaluation of foreign currency a/c/balance	30.6.77	30.6.77
Hand delivery of statements in the prescribed manner to the Regional Office	3.7.77	4.7.77