Guidelines

for Project work in
Accounting
and Practical work in
Computerized Accounting

**CENTRAL BOARD OF
SECONDARY EDUCATION**

Shiksha Kendra, 2, Community Centre,
Preet Vihar, Delhi-110 301 India

नया आगाज़

आज समय की माँग पर
आगाज़ नया इक होगा
निरंतर योग्यता के निर्णय से
परिणाम आकलन होगा।

परिवर्तन नियम जीवन का
नियम अब नया बनेगा
अब परिणामों के भय से
नहीं बालक कोई डरेगा

निरंतर योग्यता के निर्णय से
परिणाम आकलन होगा।

बदले शिक्षा का स्वरूप
नई खिले आशा की धूप
अब किसी कोमल-से मन पर
कोई बोझ न होगा

निरंतर योग्यता के निर्णय से
परिणाम आकलन होगा।
नई राह पर चलकर मंज़िल को हमें पाना है
इस नए प्रयास को हमने सफल बनाना है
बेहतर शिक्षा से बदले देश, ऐसे इसे अपनाए
शिक्षक, शिक्षा और शिक्षित
बस आगे बढते जाएँ
बस आगे बढते जाएँ
बस आगे बढते जाएँ.........

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भारत का संविधान

उद्देशिका

हम, भारत के लोग, भारत को एक सम्पूर्ण [1]प्रभुत्व-संपन्न समाजवादी पंथनिरपेक्ष लोकतंत्रात्मक गणराज्य बनाने के लिए, तथा उसके समस्त नागरिकों को:

सामाजिक, आर्थिक और राजनैतिक न्याय,

विचार, अभिव्यक्ति, विश्वास, धर्म

और उपासना की स्वतंत्रता,

प्रतिष्ठा और अवसर की समता

प्राप्त कराने के लिए

तथा उन सब में व्यक्ति की गरिमा

[2]और राष्ट्र की एकता और अखंडता

सुनिश्चित करने वाली बंधुता बढ़ाने के लिए

दृढ़संकल्प होकर अपनी इस संविधान सभा में आज तारीख 26 नवम्बर, 1949 ई॰ को एतद्द्वारा इस संविधान को अंगीकृत, अधिनियमित और आत्मार्पित करते हैं।

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1. संविधान (बयालीसवां संशोधन) अधिनियम, 1976 की धारा 2 द्वारा (3.1.1977) से "प्रभुत्व-संपन्न लोकतंत्रात्मक गणराज्य" के स्थान पर प्रतिस्थापित।
2. संविधान (बयालीसवां संशोधन) अधिनियम, 1976 की धारा 2 द्वारा (3.1.1977) से "राष्ट्र की एकता" के स्थान पर प्रतिस्थापित।

भाग 4 क

मूल कर्तव्य

51 क. मूल कर्तव्य – भारत के प्रत्येक नागरिक का यह कर्तव्य होगा कि वह –

(क) संविधान का पालन करे और उसके आदर्शों, संस्थाओं, राष्ट्रध्वज और राष्ट्रगान का आदर करे;

(ख) स्वतंत्रता के लिए हमारे राष्ट्रीय आंदोलन को प्रेरित करने वाले उच्च आदर्शों को हृदय में संजोए रखे और उनका पालन करे;

(ग) भारत की प्रभुता, एकता और अखंडता की रक्षा करे और उसे अक्षुण्ण रखे;

(घ) देश की रक्षा करे और आह्वान किए जाने पर राष्ट्र की सेवा करे;

(ङ) भारत के सभी लोगों में समरसता और समान भ्रातृत्व की भावना का निर्माण करे जो धर्म, भाषा और प्रदेश या वर्ग पर आधारित सभी भेदभाव से परे हों, ऐसी प्रथाओं का त्याग करे जो स्त्रियों के सम्मान के विरुद्ध हैं;

(च) हमारी सामासिक संस्कृति की गौरवशाली परंपरा का महत्त्व समझे और उसका परिरक्षण करे;

(छ) प्राकृतिक पर्यावरण की जिसके अंतर्गत वन, झील, नदी, और वन्य जीव हैं, रक्षा करे और उसका संवर्धन करे तथा प्राणी मात्र के प्रति दयाभाव रखे;

(ज) वैज्ञानिक दृष्टिकोण, मानववाद और ज्ञानार्जन तथा सुधार की भावना का विकास करे;

(झ) सार्वजनिक संपत्ति को सुरक्षित रखे और हिंसा से दूर रहे;

(ञ) व्यक्तिगत और सामूहिक गतिविधियों के सभी क्षेत्रों में उत्कर्ष की ओर बढ़ने का सतत प्रयास करे जिससे राष्ट्र निरंतर बढ़ते हुए प्रयत्न और उपलब्धि की नई उंचाइयों को छू ले;

[1](ट) यदि माता–पिता या संरक्षक है, छह वर्ष से चौदह वर्ष तक की आयु वाले अपने, यथास्थिति, बालक या प्रतिपाल्य के लिये शिक्षा के अवसर प्रदान करे।

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1. संविधान (छयासीवां संशोधन) अधिनियम, 2002 की धारा 4 द्वारा प्रतिस्थापित।

THE CONSTITUTION OF INDIA

PREAMBLE

WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a [1]**SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC** and to secure to all its citizens :

JUSTICE, social, economic and political;

LIBERTY of thought, expression, belief, faith and worship;

EQUALITY of status and of opportunity; and to promote among them all

FRATERNITY assuring the dignity of the individual and the[2] unity and integrity of the Nation;

IN OUR CONSTITUENT ASSEMBLY this twenty-sixth day of November, 1949, do **HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.**

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1. Subs, by the Constitution (Forty-Second Amendment) Act. 1976, sec. 2, for "Sovereign Democratic Republic" (w.e.f. 3.1.1977)
2. Subs, by the Constitution (Forty-Second Amendment) Act. 1976, sec. 2, for "unity of the Nation" (w.e.f. 3.1.1977)

THE CONSTITUTION OF INDIA

Chapter IV A

FUNDAMENTAL DUTIES

ARTICLE 51A

Fundamental Duties - It shall be the duty of every citizen of India-

(a) to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem;

(b) to cherish and follow the noble ideals which inspired our national struggle for freedom;

(c) to uphold and protect the sovereignty, unity and integrity of India;

(d) to defend the country and render national service when called upon to do so;

(e) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities; to renounce practices derogatory to the dignity of women;

(f) to value and preserve the rich heritage of our composite culture;

(g) to protect and improve the natural environment including forests, lakes, rivers, wild life and to have compassion for living creatures;

(h) to develop the scientific temper, humanism and the spirit of inquiry and reform;

(i) to safeguard public property and to abjure violence;

(j) to strive towards excellence in all spheres of individual and collective activity so that the nation constantly rises to higher levels of endeavour and achievement;

[1](k) who is a parent or guardian to provide opportunities for education to his/her child or, as the case may be, ward between age of 6 and 14 years.

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1. Subs. by the Constitution (Eighty - Sixth Amendment) Act, 2002

Preface

The Accountancy syllabus for class XII contains Project Work/Practical Work in its optional units of part B, Financial Statement Analysis/Computerized Accounting. You are aware that each of these optional units carry a 20 marks component of Project Work/Practical Work out of the 40 marks assigned to them.

The Project work in the units on Financial Statement Analysis is expected to help the students in developing the skills to comprehend, analyze and interpret accounting data of the business firms and make it meaningful for taking business decisions.

As an alternative to this the Practical work in 'Computerized Accounting' is expected to help the students to do practical exercises in accounting on computers. The guidelines in this document give an overview of the scope of the project/practical work in both the optional units and how the teachers are expected to deal with these optional units while teaching and evaluating their students.

It is needless to say that success of the project work and computer practical will depend on the enthusiasm and creativity of the teachers. A list of exercises given at the end will help teachers to develop fresh set of exercises in the subsequent years.

The school-principals who wish to offer computerized accounting to their students should train their teachers on MS Access and Excel in accounting system. They should also have full-fledged computer lab with one computer per two students.

I express my sincere thanks to the experts who have helped the Board in developing the guidelines and the relevant exercises. Thanks are due for Mr. S.S. Sehrawat, Retired Deputy Commissioner, KVS and Dr. Shipra Vaidya, Professor, NCERT who have helped us in revising this document. Smt. Sugandh Sharma, Additional Director, Incharge (Innovation & Research) deserves special mention for bringing out this document in present shape. We would welcome suggestions for further improvement in the booklet.

Dr. Satbir Bedi, IAS
Chairperson, CBSE

Content

GUIDELINES FOR PROJECT WORK IN ACCOUNTING

The Board has introduced Project Work in Accounting for Class-XII in the Optional Part B : 'Financial Statement Analysis'. It is expected that the Project Work will help the students in developing the skills to comprehend, analyse and interpret accounting data of the business firms and make it meaningful for taking business decisions.

Project Work

Duration: 1 Hour 30 Minutes   **Marks: 20**

Unit-1   Project file   4 Marks   —   As per requirement (given below)

Unit-2   Written Test   12 Marks   —   One hour

Unit-3   Viva Voce   4 Marks   —   As per requirement (given below)

Objectives

☆ To enable a student to complete the accounting process in real life business situations and apply the tools of analysis as per the syllabus for a comprehensive project.

☆ To develop the competence of reading accounting data from quarterly or half yearly or annual reports of business firms and interpreting the information on the basis of given guidelines to present the desirable information in required format in the Project File for Specific Projects.

Guidelines for Teachers

During the academic session the students will work on at least three types of projects out of which one will be of Comprehensive nature. The comprehensive project will involve the students from the initial stage of accounting to the preparation and analysis of financial statements. The data provided or the Project Statement will be as close to the real life situations as possible. The project statement should cover all important aspects like investments, financing, operating, adjustments to final accounts, etc. in a condensed form. The situations given in these problems will require a student to derive meaningful conclusion for taking decisions for the purposes of investment, expansion, financing, etc.

Two projects will be of specific nature using atleast one tool of analysis in each. The data for these will be drawn mainly from quarterly or half yearly or annual reports of corporate sector. Students will analyze the information given in the financial statements as follows :

a)   Performance of Segments keeping in mind their three parameters Revenue, Net Profit and Capital Employed of companies on quarterly or half yearly or annual basis. This is widely

published and reported by the companies. It can be picked up either from the newspapers or from the websites of the companies.

b) Comparison of Revenue, Net Profit and Earning Per Share (EPS) on quarterly or half yearly or annual basis with the help of comparative or common size statements.

The Projects given in these guidelines are on sample areas of business activities like Segment Reporting, etc. The teachers and students are free to explore more such areas of business activities for specific projects.

There are four tools of analysis given in the syllabus for the analysis of Financial Statements, namely (i) Comparative Statement, (ii) Common Size Statements, (iii) Ratios and (iv) Cash Flow Statement. Any one or more of these tools are to be used to derive conclusions. No project is to be prepared on the tools, but these tools are to be used to achieve the object of the project. For instance, there will not be any project on the 'Ratios' as such, but ratios will be used in the development of the project to reach a conclusion.

Scope

For the purpose of Project Work, the following ratios will be included :

Liquidity Ratios : Current Ratio, Liquidity Ratio.

Solvency Ratios : Debt to Equity; Total Assets to Debt, Proprietary Ratio.

Activity Ratios : Inventory Turnover, Debtors Turnover, Payables Turnover, Working Capital Turnover, Fixed Assets Turnover, Current Assets Turnover.

Profitability Ratio : Gross Profit Ratio, Operating Ratio, Net Profit Ratio, Return on Investment, Earning Per Share – Price Earnings Ratio.

A few projects have been given in detail at the end of the guidelines for practice. The student is expected to analyze the facts, and present the information in a meaningful manner for interpretation. Teachers are expected to discuss these problems thoroughly with the students and encourage them to come out with solutions. They are also expected to collect the quarterly or half yearly or annual Segment reports and Revenue and Net Profit reports of companies from newspapers or from the websites of the companies and formulate their own problems for Project Work.

UNIT-1: PROJECT FILE

Students will prepare a Project File to record their work related to the problems attempted by them in the following format :

1. First page of the file should describe title of work, identity of student, school, and the teacher concerned.

2. Index to indicate columns for title of work, page no., date, teacher's remarks and signature.

3. The format for Project Work will be :

    ✰ Statement of the problem/Name of the Project

    ✰ Objectives

    ✰ Period of Study

    ✰ Source Material

    ✰ Tools of Analysis used

    ✰ Processing and Tabulation of data

    ✰ Diagrammatic/graphic presentation- pie-diagrammes, bar diagrammes and graphs.

    ✰ Derivations, Interpretation and Conclusion.

    ✰ Assumptions (if any)

Project File should be neatly handwritten and presentable with page numbers. Each step of the solution needs to be highlighted. Conclusions drawn should be placed in boxes at the end.

Evaluation

Guidelines for the Examiner

While evaluating the Project File, marks are to be awarded out of four, based on :

✰ Content

✰ Coverage

✰ Presentation

✰ Interpretation and Conclusion.

✰ Originality and Quality of work.

UNIT-2: WRITTEN TEST

Objectives

☆ To give them exposure to analyse the financial statements of business firms and help them derive meaningful information and conclusions therefrom.

☆ To know how effectively the students can derive conclusions and express them.

Guidelines for Teachers

Teachers will discuss with students the sample questions for this test and develop question papers for the purpose in their house examinations. Some sample questions are given in this booklet.

Guidelines for Examiners

Students will be given 2 application-oriented problems of 6 marks each covering the tools for analysis of financial statements. The question paper will be set in consultation with the school teacher. No question similar to the question given in the 3 hour question paper of the Board, should be asked here. Only such questions, relating to financial statements of companies should be asked which encourage thinking on practical lines. A question bank is given in this booklet for reference. The external examiner will discuss with the internal examiner all the projects completed during the year and set the questions accordingly. On the day of the examination both should come prepared with atleast 10 questions each. Both the internal and external examiners must agree on the nature and scope of questions asked. It must be ensured that multiple sets of papers are prepared. Marks will be awarded on the steps taken, data identified and solution arrived at.

UNIT-3: VIVA-VOCE'

Objectives

★ To assess whether the student has understood the topic covered and is able to express.

★ To assess whether the Project File presented by the student is genuine and prepared by him only.

Guidelines for Teachers

★ During the course of the academic year, the teacher must give thorough practice to the students on *Viva Voce*' examination on each aspect of the Project report and file.

★ During all internal examinations '*Viva Voce*' examination should form an integral part of the practical examination.

★ Wherever possible, the teacher may invite a colleague/expert from another school for asking questions. This will rehearse the students for the final examination.

Guidelines for Examiners

★ The work done by the students in Project file will form the basis of asking questions. The external examiner may ask 2-3 questions to test the authenticity of the work done in the files. Marks will be awarded out of 4 in consultation with the school teacher.

Viva Questions

★ Should relate only to the Project.

   a) To check the authenticity of the work and

   b) To check that the student understands the idea behind the Project.

COMPREHENSIVE PROJECT–1

1. Name of the Project   :   A study of the business of M/s Sunil Computers

2. Objectives of the Project

    (i)   To know whether M/s Sunil Computers is a success or a failure

    (ii) To know whether the Bank will give Loan for their business.

3. Period of Study   :   One Year ending 31st March 2015

4. Analytical tools used   :   Necessary Accounting Ratios

5. Source Material   :   Project statement

PROJECT NO. 1
PROJECT STATEMENT

M/s Sunil Computers

Rahul and Manoj are two brothers. Rahul was interested in computers and often found time to work on computer. Due to his keen interest in computers and its applications made him to take up computer software subject for his degree course. On the other hand Manoj's core interest was in sitting at his father's shop nearby at market place selling electrical appliances after college hours.

Their father Mr. Sunil was happy that Manoj showed interest in his business, but was so worried about the brothers drifting apart after college due to varied interests. Mr. Sunil decided that this is the time for him to intervene and make decisions for them. He felt that the interest of his two sons be put together and they could start a flourishing business of their own – Sunil Computers

The boom in the Information Technology (IT) Industry made him find ways to satisfy his sons' dreams.

Finally he decided to start a computer business for both his sons. He asked Manoj, a commerce graduate to draw up a proposal for the same.

Manoj came out with the following:

The area they lived in and run shop consisted of middle income group families and many of them did not possess computers at home.

Their shop could be used to provide the following services :

☆ Computer classes for various age groups.

☆ Computer using facilities on payment per hourly basis and printing of documents from computers.

☆ Internet access facilities at the prevailing market rates by entering into contract with the Videsh Sanchar Nigam Limited (VSNL).

☆ Computer game corner for children.

The shop they had in the market place was a single story building. On 1st April, 2014, Rahul and Manoj borrowed ₹ 1,75,000/- each from their father and introduced it as their capital in the firm. They brought in capital as follows : ₹ 10,000/- each in cash ₹ 1,65,000/- each by cheque. They constructed first floor of the building owned by their father spending ₹ 1,00,000. They put up their proposal to the bank and managed to get the bank loan of ₹ 3,00,000.

The bank advanced the loan of ₹ 3,00,000 as per the favourable credit worthiness of their father.

Repayment structure of the loan was as follows :

★ End of the 1st year   = ₹ 1,30,000 (₹ 1,00,000 + ₹ 30,000 interest)

★ End of the 2nd year   = ₹ 1,20,000 (₹ 1,00,000 + ₹ 20,000 interest)

★ End of the 3rd year   = ₹ 1,10,000 (₹ 1,00,000 + ₹ 10,000 interest)

Total amount to be repaid including interest in three annual installments will be ₹ 3,60,000

They purchased 10 computers amounting to ₹ 4,00,000. The details of the expenditures to start their business is as follows :

★ For Electricity Connection—Security deposit of ₹ 1,000

★ For Internet Connection—Security deposit of ₹ 1,00,000

★ For printing and distribution of pamphlets in the surrounding colonies for advertisement purpose amounting to ₹ 4,500

★ Computer Café furnished amounting to ₹ 45,000.

The students on an average paid a monthly fee of ₹ 500 for three months computer evening classes.

There were a number of internet subscribers and receipts on account of internet facility was ₹ 10,000 a month in the first quarters on an average. They also decided to buy and sell computer stationery like floppy disc, CDs, mouse, keyboard, etc.

At the end of the year, their results showed the following:

★ Total Revenue	Amount in ₹
— Fees from Computer Students	2,70,000
— Sale from Computer Stationery	3,10,000
— Income from Internet Subscribers	3,50,000
★ Purchases of Computer Stationery	2,55,000
★ Internet Expenses	1,70,000
★ Electricity Expenses payable	1,24,000
★ Telephone Expenses	35,000
★ General Expenses	12,000

☆ Business Promotion Expenses	15,000
☆ Repair & Maintenance Expenses	
— Computers	14,000
— Building	8,000

There was a helper at their father's shop, who agreed to clean up the Computer Café and fetch water to visitors. For this additional service, he was paid a salary of ₹ 500 per month.

They both withdrew ₹ 5,000 each from bank every month for their personal expenses. They paid the bank loan regularly. All the payments were made by cheques.

Father was pleased for this sons efficiency and wanted to expand their business.

Closing stock at the end of the year was valued ₹ 20,000

Provide depreciation on Building at the rate of 5%, on Computers at the rate 25% and on furniture at the rate 10%.

You are required to prepare the following:

i) Journalise the above transactions. Post them into ledger accounts and prepare the trial balance.

ii) Prepare Trading and Profit & Loss account for the year ended 31st March, 2015 and Balance Sheet as at 31st March, 2015.

They approached the bank for further loan. Compute the ratios that the banker will require before granting the loan.

Processing the Source Material

Journal entries and ledger accounts will be prepared from the information given in the project statement. After preparing the Trial Balance, Trading and Profit and Loss Account and Balance Sheet will be prepared. Lastly necessary ratios will be calculated to take a decision.

Journal Register

1 April, 2014 to 31 March 2015

Date	Particulars		Folio	Debit (₹)	Credit (₹)
2014 1-April	Cash A/c	Dr.		20,000	
	Bank A/c	Dr.		3,30,000	
	To Rahul's Capital A/c				1,75,000
	To Manoj's Capital A/c				1,75,000
	(Being Capital invested in the business)				
1-April	Building A/c	Dr.		1,00,000	
	To Bank A/c				1,00,000
	(Being Building constructed and capitalized)				
1-April	Bank A/c	Dr.		3,00,000	
	To Bank Loan A/c				3,00,000
	(Being Loan received from bank)				
1-April	Computers A/c	Dr.		4,00,000	
	To Bank A/c				4,00,000
	(Being Computers purchased)				
1-April	Security Deposit-Electricity Board A/c	Dr.		1,000	
	Security Deposit-VSNL A/c	Dr.		1,00,000	
	To Bank A/c				1,01,000
	(Being Security deposits paid with Electricity Board and VSNL)				
1-April	Furniture & Fixtures A/c	Dr.		45,000	
	To Bank A/c				45,000
	(Being furniture and fixtures purchased)				
1-April	Advertisement A/c	Dr.		4,500	
	To Bank A/c				4,500
	(Being Payment made for Advertisement)				

2015 31-Mar	Bank A/c	Dr.	9,30,000	
	To Sales (Computer Stationery) A/c			3,10,000
	To Income (Internet subscribers) A/c			3,50,000
	To Fee (Computer Students) A/c			2,70,000
	(Being sales proceeds from floppy disks, CDs fee from computer students and receipts of internet subscribers received)			
31-Mar	Computer Stationery A/c	Dr.	2,55,000	
	To Bank A/c			2,55,000
	(Being computer stationery purchased)			
31-Mar	Telephone Expenses A/c	Dr.	35,000	
	General Expenses A/c	Dr.	12,000	
	Business Promotion Expenses A/c	Dr.	15,000	
	Repair & Maintenance-Computer A/c	Dr.	14,000	
	Repair & Maintenance-Building A/c	Dr.	8,000	
	Salary A/c	Dr.	6,000	
	To Bank A/c			
	(Being expenses paid)			90,000
31-Mar	Rahul's Drawings A/c	Dr.	60,000	
	Manoj's Drawings A/c	Dr.	60,000	
	To Bank A/c			1,20,000
	(Being amount withdrawn for personal use of ₹ 5,000 each per month)			
31-Mar	Interest on Bank Loan A/c	Dr.	30,000	
	To Bank Loan A/c			30,000
	(Being Interest on Bank Loan for the year 2014-15 provided)			
31-Mar	Bank Loan A/c	Dr.	1,30,000	
	To Bank A/c			1,30,000
	(Being installment for the 2014-15 paid)			

Date	Particulars		Dr.	Amount
31-Mar	Depreciation A/c	Dr.	1,07,500	
	To Buildings A/c			5,000
	To Computers A/c			1,00,000
	To Furniture and Fixtures A/c			2,500
	(Being Depreciation on building @ 5%, Computer @ 25% and Furniture & Fixture @ 10% provided)			
31-Mar	Internet Expenses A/c	Dr.	1,70,000	
	To Bank A/c			1,70,000
	(Being internet expenses paid to VSNL)			
31-Mar	Electricity Expenses A/c	Dr.	1,24,000	
	To Electricity Expenses Payable A/c			1,24,000
	(Being Electricity expenses payable)			
31-Mar	Trading A/c	Dr.	2,55,000	
	To Computer Stationery A/c			2,55,000
	(Closing entry for computer stationery)			
31-Mar	Sales (Computer Stationery) A/c	Dr.	3,10,000	
	Closing Stock A/c	Dr.	20,000	
	To Trading A/c			3,30,000
	(Closing entry for sales and closing stock)			
31-Mar	Trading A/c	Dr.	75,000	
	To Profit and Loss A/c			75,000
	(Gross Profit for the year)			
31-Mar	Profit and Loss A/c	Dr.	5,26,000	
	To Advertisement			4,500
	To Business Promotion Expenses A/c			15,000
	To Depreciation A/c			1,07,500
	To Electricity Expenses A/c			1,24,000
	To General Expenses A/c			12,000
	To Interest on Bank Loan A/c			30,000
	To Internet Expenses A/c			1,70,000
	To Repairs and Maintenance-Computer A/c			14,000

To Repairs and Maintenance - Building A/c					8,000
To Salary A/c					6,000
To Telephone Expenses A/c					35,000
(Closing entry for indirect expenses)					
Fees (Computer Students) A/c	Dr.			2,70,000	
Income (Internet Subscribes) A/c	Dr.			3,50,000	
To Profit and Loss A/c					6,20,000
(Closing entry for incomes other than Sales)					
Profit & Loss A/c	Dr.			1,69,000	
To Rahul's Capital A/c					84,500
To Manoj's Capital A/c					84,500
(Net profit of the year transferred to the capital m/s of Rahul & Manoj)					
Total				**52,32,000**	**52,32,000**

Advertisement A/c

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 April	To Bank A/c		4,500	2015 Mar, 31	By Profit & Loss A/c		4,500
			4,500				4,500

Dr.   **Bank A/c**   **Cr.**

Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
2014 Apr.01	To Rahul's Capital A/c		1,65,000	2014 Apr.01	By Buildings A/c		1,00,000
	To Manoj's Capital A/c		1,65,000		By Computers A/c		4,00,000
2015 Mar,31	To Bank Loan A/c		3,00,000		By Security Deposit- Electricity Board A/c		1,000
	To Sales (Computer Stationery) A/c		3,10,000				

	To Income (Internet subscribers) A/c		3,50,000		By Security Deposit-VSNL A/c	1,00,000
	To Fee (Computer Students) A/c		2,70,000		By Furniture & Fixture A/c	45,000
					By Advertisement A/c	4,500
					By Computer Stationery A/c	2,55,000
					By Telephone Charges A/c	35,000
					By General Expenses A/c	12,000
					Business Promotion Exp. A/c	15,000
					By R & M Computer A/c	14,000
					By R & M Building A/c	8,000
					By Salary A/c	6,000
					By Rahul's Drawings A/c	60,000
					By Manoj's Drawings A/c	60,000
					By Bank Loan A/c	1,30,000
					By Internet Expenses A/c	1,70,000
					By Balance c/d	1,44,500
			15,60,000			**15,60,000**
2015 Apr.01	To Balance b/d		1,44,500			

Dr.   **Building A/c**   **Cr.**

Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount (₹)
2014 April 01 2015 April 01	To Bank A/c To Balance b/d		1,00,000 1,00,000 95,000	2015 Mar. 31	By Depreciation A/c By Balance c/d		5,000 95,000 1,00,000

Dr.   **Business Promotion Expenses A/c**   **Cr.**

Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
2015 Mar. 31	To Bank A/c		15,000 15,000	2015 Mar. 31	By Profit & Loss A/c		15,000 15,000

Dr.   **Bank Loan A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar.31	To Bank A/c		1,30,000	2014 Apr. 01	By Bank A/c		3,00,000
2015 Mar.15	To Balance c/d		2,00,000 3,30,000	2015 Mar. 31	By Interest on Bank Loan A/c		30,000 3,30,000
				2015 Apr. 01	By Balance b/d		2,00,000

Dr.   **Cash A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 Apr. 01	To Rahul's Capital A/c		10,000				
	To Manoj's Capital A/c		10,000	2015 Mar. 31	By Balance c/d		20,000
2015			_____ 20,000				_____ 20,000
Apr.01	To Balance b/d		20,000				20,000

Dr.   **Computer A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 April 01	To Bank A/c		4,00,000	2015 Mar. 31	By Depreciation A/c		1,00,000
				Mar. 31	By Balance c/d		3,00,000
			_____ 4,00,000				_____ 4,00,000
2015 April 01	To Balance b/d		3,00,000				

Dr.   **Depreciation A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Building A/c		5,000	2015 Mar. 31	Profit & Loss A/c		1,07,500
	To Computers A/c		1,00,000				
	To Furniture & Fixtures A/c		2,500				
			1,07,500				1,07,500

Dr.   Electricity Expenses A/c   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Electricity Payable A/c		1,24,000	2015 Mar. 31	By Profit & Loss A/c		1,24,000
			1,24,000				1,24,000

Dr.   Electricity Expenses Payable A/c   **Cr.**

Date	Particular	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Balance c/d		1,24,000 1,24,000	2015 Mar. 31 2015 Apr. 01	By Electricity Expenses A/c By Balance b/d		1,24,000 1,24,000 1,24,000

Dr.   Furniture & Fixtures A/c   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 Apr. 01	To Bank A/c		45,000	2015 Mar. 31 Mar. 31	By Depreciation A/c By Balance c/d		2,500 42,500
			45,000				45,000
2015 Apr. 01	To Balance b/d		42,500				

Dr.   Fee (Computer Students) A/c   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Profit & Loss A/c		2,70,000	2015 Mar. 31	By Bank A/c		2,70,000
			2,70,000				2,70,000

Dr. General Expenses A/c **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		12,000	2015 Mar. 31	By Profit & Loss A/c		12,000
			12,000				12,000

Dr. Interest on Bank Loan A/c **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank Loan A/c		30,000	2015 Mar. 31	By Profit & Loss A/c		30,000
			30,000				30,000

Dr. Internet Expenses **A/c**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		1,70,000	2015 Mar. 31	By Profit & Loss A/c		1,70,000
			1,70,000				1,70,000

Dr. Income (Internet Subscribers) A/c **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Profit & Loss A/c		3,50,000	2015 Mar. 31	By Bank A/c		3,50,000
			3,50,000				3,50,000

Dr.   **Manoj's Capital A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Manoj's Drawings A/c		60,000	2014 April 01	By Cash A/c By Bank A/c		10,000 1,65,000
2015 Mar. 31	To Balance c/d		1,99,500 2,59,500	2015 Mar. 31	By P & L A/c		84,500 2,59,500
				2015 April 01	By Balance b/d		1,99,500

Dr.   **Manoj's Drawings A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		60,000	2015 Mar. 31	By Manoj's Capital A/c		60,000
			60,000				60,000

Dr.   **Computer Stationery A/c**   **Cr.**

Date	Particulars (₹)	Folio	Amount	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		2,55,000	2015 Mar. 31	By Profit & Loss A/c		2,55,000
			2,55,000				2,55,000

Dr.   **Repair & Maintenance Computer A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar. 31	To Bank A/c		14,000	2015 March 31	By Profit & Loss A/c		14,000
			14,000				14,000

Dr.   **Rahul's Capital A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31 March, 31	To Rahul's Drawings A/c To Balance c/d		60,000 1,99,500 ———— 2,59,500	2014 Apr. 01 2015 March 31 2015 Apr. 01	By Cash A/c By Bank A/c By P & L A/c By Balance b/d		10,000 1,65,000 84,500 ———— 2,59,500 1,99,500

Dr.   **Rahul's Drawings A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31	To Bank A/c		60,000 ———— 60,000	2015 March, 31	By Rahul's Capital A/c		60,000 ———— 60,000

Dr.   **Repair & Maintenance Building A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31	To Bank A/c		8,000 ———— 8,000	2015 March, 31	By Profit & Loss A/c		8,000 ———— 8,000

Dr.   **Security Deposit-Electricity Board A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 April 01 2015 April 01	To Bank A/c To Balance b/d		1,000 ———— 1,000 1,000	2015 Mar. 31	By Balance c/d		1,000 ———— 1,000

Dr.   **Security Deposit-VSNL A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2014 Apr.01	To Bank A/c		1,00,000 ⎯⎯⎯ 1,00,000	2015 Mar. 31	By Balance c/d		1,00,000 ⎯⎯⎯ 1,00,000
2015 Apr.01	To Balance b/d		1,00,000				

Dr.   **Sales (Computer Stationery) A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31	To Profit & Loss A/c		3,10,000	2015 March, 31	By Bank A/c		3,10,000
			3,10,000				3,10,000

Dr.   **Salary A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 March, 31	To Bank A/c		6,000	2015 March, 31	By Profit & Loss A/c		6,000
			6,000				6,000

Dr.   **Telephone Expenses A/c**   **Cr.**

Date	Particulars	Folio	Amount (₹)	Date	Particulars	Folio	Amount (₹)
2015 Mar, 31	To Bank A/c		35,000	2015 March, 31	Profit & Loss A/c		35,000
			35,000				35,000

TRIAL BALANCE OF RAHUL AND MANOJ

01 April, 2014 to 31 March, 2015

S. No.	Particulars	Ledger Folio	Debit (₹)	Credit (₹)
1.	Advertisement A/c		4,500	—
2.	Bank A/c		1,44,500	—
3.	Building		95,000	—
4.	Business Promotion Expenses A/c		15,000	—
5.	Bank Loan A/c		—	2,00,000
6.	Cash A/c		20,000	—
7.	Computer A/c		3,00,000	—
8.	Depreciation A/c		1,07,500	—
9.	Electricity Expenses A/c		1,24,000	—
10.	Electricity Expenses Payable A/c		—	1,24,000
11.	Furniture & Fixtures A/c		42,500	—
12.	Fees (Computer Students) A/c		—	2,70,000
13.	General Expenses A/c		12,000	—
14.	Interest on Bank Loan A/c		30,000	—
15.	Internet Expenses A/c		1,70,000	—
16.	Income (Internet Subscribers) A/c		—	3,50,000
17.	Manoj's Capital A/c		—	1,15,000
18.	Computer Stationery A/c		2,55,000	—
19.	Repair & Maintenance Computer A/c		14,000	—
20.	Rahul's Capital A/c		—	1,15,000
21.	Repair & Maintenance Building A/c		8,000	—
22.	Security Deposit-Electricity Board A/c		1,000	—
23.	Security Deposit-VSNL A/c		1,00,000	—
24.	Sales (Computer Stationery) A/c		—	3,10,000
25.	Salary A/c		6,000	—
26.	Telephone Expenses A/c		35,000	—
	Total		**14,84,000**	**14,84,000**

Closing Stock of Computer Stationery was ₹ 20,000

TRADING AND PROFIT & LOSS ACCOUNT OF RAHUL AND MANOJ

For the year ended 31 March, 2015

Particulars	Amount (₹)	Particulars	Amount (₹)
To Computer Stationery A/c	2,55,000	By Sales (Computer Stationery) A/c	3,10,000
To Gross Profit c/d	75,000	By Closing Stock	20,000
	3,30,000		3,30,000
To Advertisement A/c	4,500	By Gross Profit b/d	75,000
To Business Promotion Expenses A/c	15,000	By Fees (Computer Students) A/c	2,70,000
To Depreciation A/c	1,07,500	By Income (Internet Subscribers) A/c	3,50,000
To Electricity Expenses A/c	1,24,000		
To General Expenses A/c	12,000		
To Interest on Bank Loan A/c	30,000		
To Internet Expenses A/c	1,70,000		
To Repair & Maintenance Computer A/c	14,000		
To Repair & Maintenance Building A/c	8,000		
To Salary A/c	6,000		
To Telephone Expenses A/c	35,000		
To Net Profit t/f to Capital A/c			
Rahul's Capital A/c 84,500			
Manoj's Capital A/c 84,500	1,69,000		
	6,95,000		6,95,000

RAHUL AND MANOJ BALANCE SHEET

as at 31 March, 2015

Liabilities		Amount (₹)	Assets		Amount (₹)
CAPITAL ACCOUNT			FIXED ASSETS		
Rahul's Capital			Computers	4,00,000	
Capital Introduced	1,75,000		Less : Depreciation	1,00,000	3,00,000
Add : Net Profit	84,500		Building	1,00,000	
	2,59,500		Less : Depreciation	5,000	95,000
Less : Drawings	60,000	1,99,500	Furniture & Fixtures	45,000	
Manoj's Capital			*Less* : Depreciation	2,500	42,500
Capital Introduced	1,75,000		DEPOSITS		
Add : Net Profit	84,500		Security Deposit-Electricity Board		1,000
	2,59,500		Security Deposit-VSNL		1,00,000
Less : Drawings	60,000	1,99,500	CURRENT ASSETS		
LONG TERM LIABILITIES			Stock		20,000
Bank Loan		2,00,000	Cash in hand		20,000
CURRENT LIABILITIES			Cash at Bank		1,44,500
Electricity Expenses Payable		1,24,000			
		7,23,000			7,23,000

Bank will analyse the following ratios before granting the loan.

(a)   Current Ratios   1.33 : 1

        (Current Assets/Current Liabilities)

(b)   Quick Ratio   1.17 : 1

        (Curent assets-stock/Current Liabilities)

(c)   Debt equity Ratio   0.50

        (Total debt/owner's fund)

Conclusion

1. On the basis of glance at the ratios it can be concluded that the business is a success.

2. The bank should grant loan as the ratios are favourable.

Working Notes	(₹)
Net Profit	1,69,000
Total Revenue	9,30,000
Fixed Assets	4,37,500
Current Assets	1,64,500
Current Liabilities	1,24,000
Working Capital (CA-CL)	40,500
Stock	20,000
Quick Assets	1,44,500
Total Debt	2,00,000
Owner's Fund	3,99,000

COMPREHENSIVE PROJECT-2

1. Name of the Project   :   A study of the business of "Favourite Toys"

2. Objective of the Project

    (i)   To know whether 'Favourite Toys' is a success or a failure

    (ii) To know whether the banks will agree to give Loan to the business.

3. Period of Study   :   Year ending 31st March 2015.

4. Analytical tools used   :   Accounting Ratios

5. Source Material   :   The Project Statement of 'Favourite Toys'

PROJECT NO. 2
PROJECT STATEMENT

M/s 'Favourite Toys'

Ram did his Economics (Hons.) from Delhi University and MBA from Indian School of Business (Hyderabad). He got job with a good salary. After 5 years of work experience, he started his business of assembling toy cars and named his business 'Favourite Toys'. On 1st April, 2014 he introduced a capital of ₹ 2 lakhs in cash and ₹ 33 lakhs by cheque. He also took a loan of ₹ 10 lakhs from the State Bank of India, borrowed ₹ 5 lakhs from his friend, Amit by cheque.

He took premises on rent at ₹ 10,000/- per month in Okhla Industrial Area, New Delhi for setting up of his new factory. On 1st April, 2014 he purchased machinery of ₹ 10 lakhs and furniture for his office worth ₹ 1,00,000 through a cheque. On the same date he withdrew ₹ 8,00,000 from bank account for meeting day to day business expenses. He hired an executive to help him in setting up the business at a salary ₹ 10,000 per month. He also took an insurance cover at a premium of ₹ 50,000 per annum on 1st April. Within one month, he was ready to assemble toy cars. On 1st May, he made purchases for ₹ 70 lakhs out of which ₹ 60 lakhs were still payable and hired 5 workers on monthly wages of ₹ 8,000. On the same date he purchased a telephone and installed it, which cost him ₹ 2,000. The payment of the telephone was made through a cheque. He also paid ₹ 20,000 by cheque to print catalogues for his products. Payment of all routine expenses was made at the end of the year.

By the end of the year, all wages were paid every month in cash. Machinery and Furniture were depreciated @ 10% per annum. Total sales amounted to ₹ 90 lakhs. He paid annual electricity charges of ₹ 1,00,000 and telephone expenses ₹ 15,000 by cash. He withdrew ₹ 1 lakhs from bank for personal use. On 31st March 2015 he purchased investments worth ₹ 10 lakhs through bank. He repaid ₹ 5,00,000 with ₹ 25,000 as an interest to Amit on account of the loan taken earlier. There was a fire in the factory that destroyed goods worth ₹ 2,00,000 out of which the insurance company admitted a claim of ₹ 1,00,000. He paid ₹ 50,000 as carriage by cash. Interest on bank loan was ₹ 50,000 due but not paid.

At the end of year closing stock was valued at ₹ 10 lakhs.

You are required to prepare the following:

(a) Journalize the above transactions, post them into ledger accounts and prepare trial balance for the year ended 31st March, 2015.

(b) Trading and Profit and Loss Account for the year ending 31st March, 2015 and Balance sheet as at 31st March, 2015.

If the business approaches a bank for a loan, will the bank oblige?

Journal Register

1 April, 2014 to 31 March, 2015

Date	Particulars		Folio	Debit ₹	Credit ₹
2014 1-April	Cash A/c	Dr.		2,00,000	
	Bank A/c	Dr.		33,00,000	
	To Capital A/c				35,00,000
	(Being Capital invested in the Business)				
1-April	Cash A/c	Dr.		8,00,000	
	To Bank A/c				8,00,000
	(Being cash withdrawn from bank for business expenses.)				
1-April	Bank A/c	Dr.		10,00,000	
	To Loan-SBI A/c				10,00,000
	(Being Loan taken from State Bank of India)				
1-April	Bank A/c	Dr.		5,00,000	
	To Loan A/c				5,00,000
	(Being loan received)				
1-April	Machinery A/c	Dr.		10,00,000	
	Furniture A/c	Dr.		1,00,000	
	To Bank				11,00,000
	(Being Machinery and Furniture purchased)				
1-April	Insurance Premium A/c	Dr.		50,000	
	To Bank A/c				50,000
	(Being Insurance Premium paid)				
1-May	Purchases A/c	Dr.		70,00,000	
	To Bank A/c				10,00,000
	To Creditors A/c				60,00,000
	(Being purchases made in cash and on credit)				

1-May	Telephone A/c	Dr.		2,000	
	To Bank A/c				2,000
	(Being Telephone purchased and installed)				
1-May	Printing Expenses A/c	Dr.		20,000	
	To Bank A/c				20,000
	(Being printing for catalogue expenses paid)				
31-May	Bank A/c	Dr.		90,00,000	
	To Sales A/c				90,00,000
	(Being sales proceeds from selling of toy cars.)				
31-Mar.	Loan A/c	Dr.		5,00,000	
	Interest on Loan A/c	Dr.		25,000	
	To Bank A/c				5,25,000
	(Being Loan and Interest paid)				
31-Mar.	Insurance Claim Receivable A/c	Dr.		1,00,000	
	Loss by Fire A/c	Dr.		1,00,000	
	To Purchase A/c				2,00,000
	(Being insurance claim receivable on account of fire occurred in the factory and loss provided in the books)				
31-Mar.	Carriage Inward A/c	Dr.		50,000	
	To Cash A/c				50,000
	(Being carriage paid in cash)				
31-Mar.	Rent factory A/c	Dr.		1,20,000	
	To Cash A/c				1,20,000
	(Being Rent paid in cash)				
31-Mar.	Salary A/c	Dr.		1,20,000	
	To Cash A/c				1,20,000
	(Being Salary paid to executive in cash)				

31-Mar.	Wages A/c Dr.		4,40,000	
	To Cash A/c			4,40,000
	(Being Wages paid in cash for 11 months)			
31-Mar.	Depreciation A/c Dr.		1,10,000	
	To Machinery A/c			1,00,000
	To Furniture A/c			10,000
	(Being Depreciation provided on Machinery and furniture @ 10% per annum)			
31-Mar.	Electricity Expenses A/c Dr.		1,00,000	
	To Cash A/c			1,00,000
	(Being Electricity expenses paid in cash.)			
31-Mar.	Telephone Expenses A/c Dr.		15,000	
	To Cash A/c			15,000
	(Being Telephone charges paid in cash.)			
31-Mar.	Drawings A/c Dr.		1,00,000	
	To Bank A/c			1,00,000
	(Being cash withdrawn from business for personal use)			
31-Mar.	Investment A/c Dr.		10,00,000	
	To Bank A/c			10,00,000
	(Being Investment purchased during the year)			
31-Mar.	Interest on Loan-SBI A/c Dr.		50,000	
	To Loan-SBI A/c			50,000
	(Being Interest on SBI loan for the year ended provided)			
31-Mar	Trading A/c Dr.		74,10,000	
	To Purchases A/c			68,00,000
	To Wages A/c			4,40,000
	To Carriage Inward A/c			50,000
	To Factory Rent A/c			1,20,000
	(Closing entry for purchases, wages, carriage inward and factory rent)			

31-Mar	Sales A/c	Dr.		90,00,000	
	Closing Stock A/c	Dr.		10,00,000	
	To Trading A/c				1,00,00,000
	(Closing entry for Sales and Closing Stock)				
31-Mar	Trading A/c	Dr.		27,10,000	
	To Profit and Loss A/c				27,10,000
	(Gross profit earned during the year)				
31-Mar	Profit and Loss A/c	Dr.		5,90,000	
	To Depreciation A/c				1,10,000
	To Electricity Expenses A/c				1,00,000
	To Salary A/c				1,20,000
	To Insurance Premium A/c				50,000
	To Interest Loan-SBI A/c				50,000
	To Interest on Loan A/c				25,000
	To Loss by Fire A/c				1,00,000
	To Printing Expenses A/c				20,000
	To Telephone Expenses A/c				15,000
	(Closing entry for indirect expenses)				
31-Mar	Profit and Loss A/c	Dr.		20,00,000	
	To Ram's capital A/c				20,00,000
	(Net profit transferred to Ram's capital A/c)				
	Total			**4,85,12,000**	**4,85,12,000**

Dr.   **Bank A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2014				**2014**			
Apr. 01	To Capital A/c		33,00,000	April, 01	By Cash A/c		8,00,000
Apr. 01	To Loan-SBI		10,00,000	April, 01	By Machinery A/c		10,00,000
Apr. 01	A/c		5,00,000	April, 01	By Furniture A/c		1,00,000
2015	Loan A/c			April, 01	By Insurance Prem. A/c		50,000
Mar. 31				May, 01	By Purchases A/c		10,00,000
	To Sales A/c		90,00,000	May, 01	By Telephone A/c		2,000
				May, 01	By Printing Exp. A/c		20,000
				2015			
				Mar, 31	By Drawings A/c		1,00,000
				Mar, 31	By Investment A/c		10,00,000
				Mar, 31	By Loan A/c		5,00,000
				Mar, 31	By Interest on Loan A/c		25,000
				Mar, 31	By Balance c/d		92,03,000
			1,38,00,000				1,38,00,000
2015			92,03,000				
Apr,01	To Balance b/d						

Dr.   **Cash A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2014				2015			
April, 01	To Capital A/c		2,00,000	Mar, 31	By Carriage Inward A/c		50,000
April, 01	To Bank A/c		8,00,000	Mar, 31	By Rent factory A/c		1,20,000
				Mar, 31	By Salary A/c		1,20,000
				Mar, 31	By Wages A/c		4,40,000
				Mar, 31	By Electricity Expenses A/c		1,00,000
				Mar, 31	By Telephone Expenses A/c		15,000
				Mar, 31	By Balance c/d		1,55,000
			10,00,000				10,00,000
2015							
April, 01	To Balance b/d		1,55,000				

Dr.   **Capital A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Drawings A/c To Balance c/d		1,00,000 54,00,000 55,00,000	2014 Apr, 01 2015 April, 01	By Cash A/c By Bank A/c By P & L A/c By Balance b/d		2,00,000 33,00,000 20,00,000 55,00,000 54,00,000

Dr.   **Creditors A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Balance c/d		60,00,000 60,00,000	2015 May, 01 2015 April, 01	By Purchase A/c By Balance b/d		60,00,000 60,00,000 60,00,000

Dr.   **Carriage Inward A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Cash A/c		50,000 50,000	2015 May, 01	By Trading A/c		50,000 50,000

Dr.   **Drawings A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Bank A/c		1,00,000 1,00,000	2015 May, 01	By Capital A/c		1,00,000 1,00,000

Dr.   **Depreciation A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Machinery A/c To Furniture A/c		1,00,000 10,000	2015 Mar, 31	By Profit & Loss A/c		1,10,000
			1,10,000				1,10,000

Dr.   **Electricity Expenses A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Cash A/c		1,00,000	2015 Mar, 31	By Profit & Loss A/c		1,00,000
			1,00,000				1,00,000

Dr.   **Salary A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Cash A/c		1,20,000	2015 Mar, 31	By Profit & Loss A/c		1,20,000
			1,20,000				1,20,000

Dr.   **Furniture A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2014 April, 01	To Bank A/c		1,00,000	2015 Mar, 31	By Depreciation A/c		10,000
				Mar, 31	By Balance c/d		90,000
			1,00,000				1,00,000
2015 April, 01	To Balance b/d		90,000				

Dr.   **Loan A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Bank A/c		5,00,000	2014 April, 01	By Bank A/c		5,00,000
			5,00,000				5,00,000

Dr.   **Investment A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Bank A/c		10,00,000	2015 Mar, 31	By Balance c/d		10,00,000
			10,00,000				10,00,000
2015 April, 01	To Balance b/d		10,00,000				

Dr.   **Interest on Loan-SBI A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Loan-SBI A/c		50,000	2015 Mar, 31	By Profit & Loss A/c		50,000
			50,000				50,000

Dr.   **Interest on Loan A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Bank A/c		25,000	2015 March, 31	By Profit & Loss A/c		25,000
			25,000				25,000

Dr.   **Insurance Claim Receivable A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Purchase A/c		1,00,000 _____ 1,00,000 1,00,000	2015 Mar, 31	By Balance c/d		1,00,000 _____ 1,00,000
2015 April, 01	To Balance b/d						

Dr.   **Insurance Premium A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Bank A/c		50,000	2014 Mar, 31	By Profit & Loss A/c		50,000
			50,000				50,000

Dr.   **Loss By Fire A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Purchases A/c		1,00,000	2015 Mar, 31	By Profit & Loss A/c		1,00,000
			1,00,000				1,00,000

Dr.   **Loan-SBI A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Balance c/d		10,50,000 _____ 10,50,000	2014 April, 01 2015 Mar, 31 2015 April 01	By Bank A/c By Interest on Loan A/c To Balance b/d		10,00,000 50,000 _____ 10,50,000 10,50,000

Dr.   Printing Expenses A/c   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2014 April, 01	To Bank A/c		10,00,000	2015 Mar, 31	By Depreciation A/c		1,00,000
				Mar, 31	By Balance c/d		9,00,000
2015 April, 01	To Balance b/d		10,00,000 9,00,000				10,00,000

Dr.   Purchases A/c   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 May, 01	To Bank A/c		10,00,000	2015 Mar,31	By Insurance Claim Receivable A/c		1,00,000
					By Loss by Fire A/c		1,00,000
					By Trading A/c		68,00,000
			70,00,000				70,00,000

Dr.   Rent Factory A/c   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Cash A/c		1,20,000	2015 Mar, 31	By Profit & Loss A/c		1,20,000
			1,20,000				1,20,000

Dr.   Sales A/c   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Trading A/c		90,00,000	2015 Mar, 31	By Cash A/c		90,00,000
			90,00,000				90,00,000

Dr.   **Telephone Expense A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Cash A/c		15,000	2015 Mar, 31	By Profit & Loss A/c		15,000
			15,000				15,000

Dr.   **Telephone A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2014 1-May	To Bank A/c		2,000	2015 Mar, 31	By Balance c/d		2,000
			2,000				2,000
April, 01	To Balance b/d		2,000				

Dr.   **Wages A/c**   **Cr.**

Date	Particulars	Folio	Amount ₹	Date	Particulars	Folio	Amount ₹
2015 Mar, 31	To Cash A/c		4,40,000	2015 Mar, 31	By Trading A/c		4,40,000
			4,40,000				4,40,000

TRIAL BALANCE OF RAM

01 April, 2014 to 31 March, 2015

S. No.	Particulars	Ledger Folio	Debit ₹	Credit ₹
1.	Bank A/c		92,03,000	
2.	Cash A/c		1,55,000	
3.	Capital A/c			34,00,000
4.	Creditors A/c			60,00,000
5.	Carriage Inward A/c		50,000	
6.	Depreciation A/c		1,10,000	
7.	Electricity Expenses A/c		1,00,000	
8.	Salary A/c		1,20,000	
9.	Furniture's A/c		90,000	
10.	Investment A/c		10,00,000	
11.	Interest on Loan-SBI A/c		50,000	
12.	Interest on Loan A/c		25,000	
13.	Insurance Claim Receivable A/c		1,00,000	
14.	Insurance Premium A/c		50,000	
15.	Loss By Fire A/c		1,00,000	
16.	Loan-SBI A/c			10,50,000
17.	Printing Expenses A/c		20,000	
18.	Machinery A/c		9,00,000	
19.	Purchases A/c		68,00,000	
20.	Rent Factory A/c		1,20,000	
21.	Sales A/c			90,00,000
22.	Telephone Expense A/c		15,000	
23.	Telephone A/c		2,000	
24.	Wages A/c		4,40,000	
	Total		**1,94,50,000**	**1,94,50,000**

Closing Stock of ₹ 10,00,000

TRADING AND PROFIT & LOSS ACCOUNT OF RAM

For the year ended 31 March, 2015

Particulars	Amount ₹	Particulars	Amount ₹
To Purchases A/c	68,00,000	By Sales A/c	90,00,000
To Wages A/c	4,40,000	By Closing Stock A/c	10,00,000
To Carriage Inward A/c	50,000		
To Factory Rent A/c	1,20,000		
To Gross Profit c/d	25,90,000		
	1,00,00,000		1,00,00,000
To Depreciation A/c	1,10,000	By Gross Profit b/d	25,90,000
To Electricity Expenses A/c	1,00,000		
To Salary A/c	1,20,000		
To Insurance Premium A/c	50,000		
To Interest on Loan-SBI A/c	50,000		
To Interest on Loan A/c	25,000		
To Loss by Fire A/c	1,00,000		
To Printing Expenses A/c	20,000		
To Telephone Expense A/c	15,000		
To Net Profit t/f to Capital A/c	20,00,000		
	25,90,000		25,90,000

RAM'S BALANCE SHEET

As at 31 March, 2015

Liabilities	Amount ₹	Assets	Amount ₹
CAPITAL ACCOUNT		FIXED ASSETS	
Capital introduced 35,00,000		Machinery 10,00,000	
Add : Net Profit 20,00,000		Less : Depreciation 1,00,000	9,00,000
55,00,000			
Less : Drawings 1,00,000	54,00,000	Furniture 1,00,000	
LONG TERM LIABILITIES		*Less* : Depreciation 10,000	90,000
Loan-SBI	10,50,000	Telephone	2,000
CURRENT LIABILITIES		NON-CURRENT ASSETS	
Creditors	60,00,000	Investment	10,00,000
		Insurance Claim Receivable	1,00,000
		CURRENT ASSETS	
		Cash in hand	1,55,000
		Cash at Bank	92,03,000
		Stock	10,00,000
	1,24,50,000		1,24,50,000

Calculation of Relevant Ratios

Profitability Ratio

1. Gross Profit Ratios

   (Gross Profit/Sales) × 100   30.11%

2. Net Profit Ratios

   (Net Profit/Total Revenue) × 100   22.22%

Turnover Ratio

3. Working Capital Turnover Ratio   2 times

   (Sales/Working Capital)

4. Fixed Assets Turnover Ratio   9 times

   (Sales/Net Fixed Assets)

Liquidity Ratio   1.73:1

5. Current Ratios

   (Current Assets/Current Liabilities)

6. Quick Ratio

   (Current Assets-Stock)/Current Liabilities   1.56 : 1

Working Notes   (₹)

Gross Profit	27,10,000
Net Profit	20,00,000
Total Revenue	90,00,000
Fixed Assets	9,92,000
Current Assets	1,03,58,000
Current Liabilities	60,00,000
Working Capital (CA-CL)	43,58,000
Quick Assets	93,58,000
Stock	10,00,000
Total Debt	10,50,000
Owner's Fund	54,00,000

Conclusion

The business of 'Favourite Toys' is a success. It is indicated by good profitability ratios specially when it is the first year of the firm. Turnover ratios also indicate the effective and efficient utilization of the fixed assets and working capital. Liquidity ratios are also more than one.

Any bank will agree to give them loan on the basis of above ratios.

Project Statement for Practice

Read the project statements carefully and prepare comprehensive projects on likes of the sample projects.

PROJECT-3
PROJECT STATEMENT

"Muskan Saloon"

Muskan commenced business of selling beauty products on 1st April, 2014 with a capital of ₹ 25 lakhs. She entered into an agreement with Cosmetics India to sell the beauty products, purchased from them on one month credit basis.

During the year Muskan acquired following assets for which the payments were made through bank.

Assets	Amount in ₹
Land	7,50,000
Building	12,50,000
Office Equipment	1,20,000
Furniture & Fixtures	1,30,000

The beauty products were to be sold for cash only and the cash proceeds were to be deposited in the bank on the same day. All expenses except petty expenses were to be paid by bank only.

The petty cashier was given ₹ 5,000 on 1st April, 2014 under 'Imprest System'. The petty cashier would be reimbursed the actual expenses of the month on the first day of the next month before depositing the sale proceeds of the day.

The following information is extracted from the books of Muskan for the year ended on March 31, 2015.

Particulars	Amount in ₹
Purchases	12,40,000
Sales	15,90,000
Payments through Bank accounts:	
Salaries	65,000
Advance Tax paid	5,400
Electricity expenses	7,600

Telephone expenses	5,900
Advertising expenses	6,000
Opening ceremony expenses	3,000
Petty expenses	16,900
Printing & Stationery	2,000

The following expenses were not yet paid but need to be provided for computing current year's income:

Salaries of ₹ 6,700, electricity expenses of ₹ 800 and telephone expenses of ₹ 300.

The cash with the petty cashier on 31st March, 2015 were ₹ 1,500. The purchases for the month of March, 2015 amounted to ₹ 1,00,000. The company paid for purchases as per terms agreed upon. Closing stock as at 31st March, 2015 was ₹ 500. Charge depreciation on building @ 2%. Provision for Tax liability required to be made of ₹ 6,000.

A. Prepare Trial Balance, Income Statement for the year ended 31st March, 2015 and Balance Sheet as at 31st March, 2015.

B. 1. Cosmetics India wants to know the short term financial position of Muskan Saloon before extending the agreement on credit policy for the next year.

  2. Muskan is interested in knowing :

   a) The profitability and cost efficiency of the firm in terms of "operating expenses to sales" and

   b) The efficiency with which the capital, fixed assets, working capital and the total assets of the company have been utilized.

PROJECT NO. 4
PROJECT STATEMENT

M/s Steel Products

Raghu was a 24 years old resident of Rampur village in Bihar. He did B.Com (Hons.) from Bihar University, Patna. He belongs to a middle class family and always wanted to be a successful businessman but unable to decide the business which would best suit him.

One day, while talking with his friend, he got convinced about starting the business and on 1st April, 2014 he started a Steel Pipes and Angles business at a backward area of Bihar. He introduced capital of ₹ 70,000 in cash and ₹ 20,000 through cheque. he took a loan of ₹ 8,00,000 from ICICI Bank at a rate of interest of 10% per annum by pledge of his property. He purchased iron rods from Ram & Co. worth ₹ 20,000 on credit, machinery ₹ 40,000, furniture ₹ 10,000 and small piece of land for ₹ 1,00,000 on the same date. He hired 10 workers on 1st April and agreed to pay them wages of ₹ 12,500 each p.a. On 12th April, he returned goods worth ₹ 2000 to Ram and Co. being defective goods. He withdrew goods worth ₹ 4,000 for domestic use on the same date.

On 30th May, he sold steel pipes to Gupta & Co. worth ₹ 35,000 on credit. On 30th June, he sold steel angle worth ₹ 50,000 to Kumar & Co. as per the payment terms, 50% in cash, 30% through cheque and drew a bill for balance. On 4th July, Gupta & Co. who drew some defects in the pipes, returned the same worth ₹ 10,000.

Raghu paid office and administrative expenses of ₹ 2,000 and selling and distribution expenses of ₹ 5,000 on 6th July and advertisement expenses of ₹ 10,000 on 3rd August. On 4th September, he purchased iron rods worth ₹ 25,000 from Khanna and Co. who drew a bill for 6 months on Raghu, which he duly accepted. On 9th October, goods worth ₹ 10,000 were lost due to theft, however an insurance company admitted a claim of ₹ 5,000. On 17th October, Raghu paid ₹ 6,000 to Ram & Co.

On 16th December, he received ₹ 10,000 from Gupta and Co. Wages paid in advance were ₹ 10,000 on 15th January. On 22nd January, Raghu contributed ₹ 8000 to the Prime Minister's Relief Fund. A part of the machinery broke down on 12th February, ₹ 2,000 was incurred for its repairing.

On 2nd March, Raghu sold steel rods worth ₹ 60,000 to Sharma and Co. and received ₹ 20,000 in cash and balance was payable after 3 months. He sold steel rods worth ₹ 65,000 to Rakesh and Co. for cash on 4th March. On 15th March Sharma became insolvent and 50 paise in a rupee were received from his estate. On 20th March, Raghu purchased iron rods worth ₹ 3,33,000 from Shyam and Co.

The following transactions took place on 31st March 2015

★ Wages paid ₹ 1,15,000

★ Electricity bills paid ₹ 7,000

★ Heating and lighting expenses ₹ 5,500

★ Telephone charges ₹ 3,000

★ Carriage and freight ₹ 1,000

★ Miscellaneous expenses ₹ 500

On 31st March 2015, closing stock was valued at ₹ 4,40,000; depreciation on furniture and machinery is to be provided @ 10% p.a.; interest on capital to be provided @ 5% p.a. and interest on drawings to be charged @ 2% p.a.

You are required to:

a) Pass journal entries, post them into the ledger accounts and prepare a Trial Balance.

b) Prepare, Trading and Profit & Loss A/c for the year ended 31st March, 2015 and Balance Sheet as at 31st March, 2015 and analyze the profitability and the financial position of the business.

Decide whether the business is a success or a failure.

SPECIFIC PROJECTS

Segment Reporting

Segments are (i) The products of a company like Alto, Dezire and Gypsy of Maruti. (ii) The area of operation of a company like Consumer Care Business, Food Business and Personal Care Business of Dabur and Passenger transport, Goods transport of a Transport Company. (iii) The Geographical areas served by a service company like Northern Railway, Eastern Railway and Western Railway, etc. of Indian Railways.

It is mandatory for companies to report the progress of each segment as per AS-17 issued by the Council of The Institute of Chartered Accountants of India since April 1, 2001. It ensures full disclosure about the revenue from each segment, the profit from each segment and the amount of capital allocated to each segment. These reports are on quarterly, half yearly and annual basis. Thus, every segment gets full attention of the management and the shareholders also come to know the financial position of each segment. It is, required for true and fair disclosure as well.

Two specific projects on Performance of Segments are presented here :

i)   On segments of Prakash Industries Ltd. and

ii)   On segments of Dabur India Ltd.

Segment reporting is only one area of business reports. The students should explore more such areas from the company reports for relevant specific projects. For the sake of practice and exercise the students should visit the company's websites and check the quarterly reports for segment performance. This will be the source material for the projects.

PROJECT ON SEGMENT ANALYSIS-I

1.   Name of Project:

Analysis of Performance of each segment of Prakash Industries Limited with reference to

1.   Revenue,

2.   Profit and

3.   Capital employed

2.   Objectives:

✰ To study whether the contribution of various segments of Prakash Industries Limited with respect to (i) Revenue, and (ii) Profit, is justified ?

✰ To know as to which operation segment is performing best in terms of Net Profit and Return on Investment.

3.   Period Under Study:

Financial Year ending 31st March, 2007

4.   Tools of Analysis:

1.   Common Size Statement and

2.   Ratios

5.   Source Material:

Newspaper cutting of Audited Financial Results of Prakash Industries Limited from the Economic Times dated 2nd August, 2007 or the Website of the company.

6.   Processing of Data :

I.   Common Size Statement of Segment Wise Revenue

✰ Compare the Revenue from Operations of each segment of Prakash Industries with TOTAL REVENUE for the year ended 31 March 2007.

✰ Use the formula = $\dfrac{\text{Revenue of the segment}}{\text{Total Revenue}} \times 100$

Degree = $\dfrac{\text{Revenue of the segment}}{\text{Total Revenue}} \times 360$

Commonsize Statement Showing Inter-Segment Comparison of Revenue
For the year ended 31 March, 2007

Segment	Power	Steel	PVC Pipes	Others	Total
Revenue (₹)	12755	94901	6497.00	3079	117232
Percentage of Total Revenue (%)	10.88	80.95	5.54	2.63	100
Degrees for Pie Diagram	39.17°	291.43°	19.95°	9.45°	360°

Source: The Economic Times 2nd August, 2007

Pie Chart Representing Segment Revenue
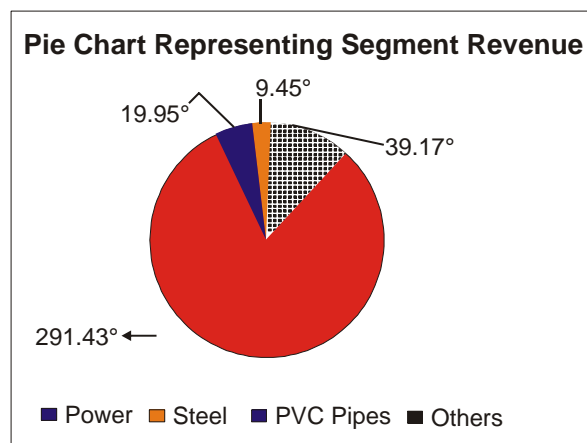
II.   Common Size Statement of Segment Wise Profit

☆ Compare the PROFIT of each segment of Prakash Industries Limited with TOTAL PROFIT for the year ended 31 March, 2007.

☆ Use the formula to calculate percentage and degrees for making pie diagram.

$$\text{Percentage} = \frac{\text{Profit of the segment}}{\text{Total Profit}} \times 100$$
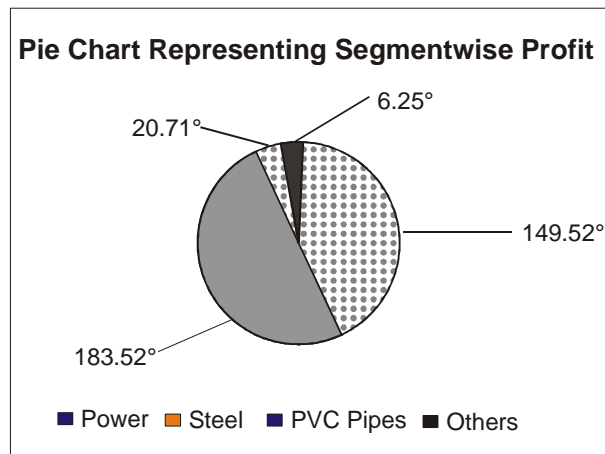
$$\text{Degrees} = \frac{\text{Profit of the segment}}{\text{Total Profit}} \times 360$$

Commonsize Statement Showing Inter Segment Comparison of Profit
For the year ended 31 March, 2007

Segment	Power	Steel	PVC Pipes	Others	Total
Profit (₹) (in lakhs)	6506	7985	901	272	15664

Percentage of Total Profit (%)	41.53	50.98	5.75	1.74	100
Degrees for Pie Diagram	149.52°	183.52°	20.71°	6.25°	360°

Source: The Economic Times 2nd August, 2007

Pie Chart Representing Segmentwise Profit

■ Power ■ Steel ■ PVC Pipes ■ Others

III. Common size statement of segment wise capital employed

☆ Compare the CAPITAL EMPLOYED of each segment of Prakash Industries Limited with TOTAL CAPITAL EMPLOYED for the year ended 31 March, 2007.

☆ Use the formula to calculate percentage and degrees for making pie diagram.

$$\text{Percentage} = \frac{\text{Capital Employed of the Segment}}{\text{Total Capital Employed}} \times 100$$

$$\text{Degrees} = \frac{\text{Capital Employed of the Segment}}{\text{Total Capital Employed}} \times 360$$

Commonsize Statement Showing Inter Segment Comparison of Capital Employed
For the year ended 31 March, 2007

Segment	Power	Steel	PVC Pipes	Others	Total
Capital Employed ₹ (in lakhs)	13870	66660	1630	6921	89081
% of Total Capital Employed (%)	15.57	74.83	1.83	7.77	100
Degrees for Pie Diagram	56.05°	269.39°	6.59°	27.97°	360°

Source: The Economic Times 2nd August, 2007

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IV. Calculation of Return on Investment

⭐ Calculate the Return on Investment of each segment of Prakash Industries Limited for the year ended 31 March, 2007

⭐ Use the following formula to calculate Return on Investment

$$\text{Return on Investment} = \frac{\text{Profit Before Interest, Tax and Dividend}}{\text{Capital Employed}} \times 100$$

Statement Showing Inter Segment Comparison of ROI
For the year ended 31 March, 2007

Segment	Power	Steel	PVC Pipes	Others	Total
PBIT ₹ (in lakhs)	6506	7985	901	272	15664
Capital Employed (₹ in lakhs)	13870	66660	1630	6921	89081
ROI (%) $\left[\frac{\text{PBIT}}{\text{Capital Employed}} \times 100\right]$	46.91	11.98	55.28	3.93	17.58

Graphical Representation of ROI

51
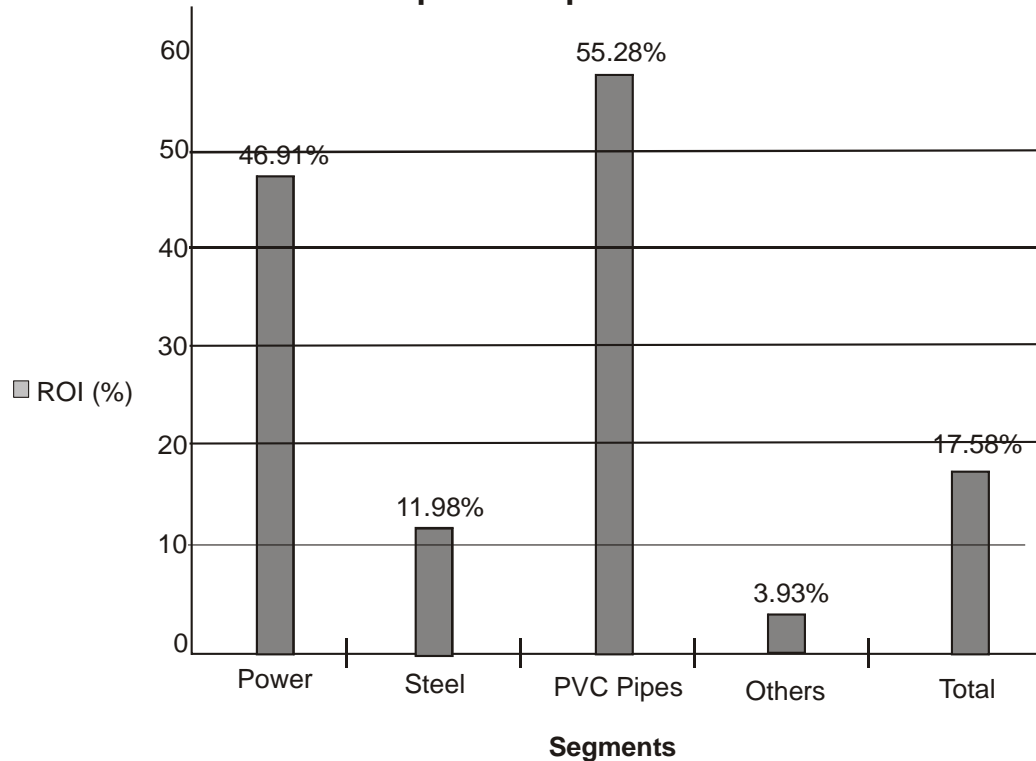
Combined Comparative Statement

Segment	Power	Steel	PVC Pipes	Others	Total
Revenue (%) of Total	10.88	80.95	5.54	2.63	100
PBIT (%) of Total	41.53	50.98	5.75	1.74	100
Capital Employed (%) of Total	15.57	74.83	1.83	7.77	100
ROI (%) same	46.91	11.98	55.28	3.93	17.38

Conclusions:

✰ PVC Pipes Segment has the highest ROI 55.28% with capital share of only 1.83%.

✰ With the Revenue share of 10.88% of the Total Revenue, Power Segment is able to generate a PBIT of 41.53% of the Total Profit.

✰ Power Segment also has a good ROI of 46.91%.

✰ Therefore, PVC Pipes Segment and Power Segment are the best performing segments.

Future Projections:

✰ With 55.28% share of ROI, PVC Pipes segment seems to have a bright future. More funds should be diverted towards this segment from Steel segment which is losing its shine.

✰ Power also has a future growth potential because of shortage of power in the country. It will be a good idea to divert some funds towards this segment from Steel Segment.

Project on Analysis of Cash Flow Statement

Analyse of Cash Flows Statements of Appollo Private Limited

Summary of Cash Flows of Appollo Private Limited for the years 2015 and 2014 are as follows:

Particulars	2015 (₹)	2014 (₹)
Opening balance of Cash and Cash Equivalents	6,60,000	7,60,000
Cash Flow from Operating Activities	28,40,000	7,10,000
Cash Flow from Investing Activities	(13,70,000)	(23,10,000)
Cash Flow from Financing Activities	(12,00,000)	15,00,000
Closing balance of Cash and Cash Equivalents	9,30,000	6,60,000

I. Cash Flow from Operating Activities:

(a) Cash Flow from Operating Activities has a positive inflow of ₹ 28,40,000 in the year ended March 31st, 2015 and ₹ 7,10,000 in the year ended March 31st, 2014, which shows that the company has good operating activities i.e. principal revenue producing activities.

(b) Appollo Private Limited is carrying its business activities and has managed to increase its cash inflow from operating activities more than 4 times during the year by controlling on current receivables, as compared to sales raised from previous year to current year. It has generated cash flow from ₹ 7,10,000 in the year 2014 which later increased to ₹ 28,10,000 in the year 2015.

II. Cash Flow from Investing Activities:

(a) Cash flow from investing activities means that Appollo Private Limited has invested in fixed assets. Investment in terms of purchasing fixed assets and investing in non-current trade investments, which facilitated the business to earn more profit in future. It is also a healthy sign for any business.

(b) However, investment in fixed assets should not be made out of short term funds or it should be financed through long term funds, otherwise the company may face shortage of working capital.

(c) In the year 2015, Appollo Private Limited invested of ₹ 13,70,000 out of the total inflow ₹ 30,40,000 (₹ 28,40,000 from operating activities + ₹ 2,00,000 from financing activities).

The company used significantly large amount from operating activities. ₹ 2,00,000 is from short term borrowing. This should not be used in long term investments. The company has not used these funds as it has enough funds from operating activities.

(d)   In the year 2014, Appollo Private Limited invested of ₹ 23,10,000 out of the total inflow ₹ 22,10,000 (₹ 7,10,000 from operating activities + ₹ 15,00,000 from financing activities), as the company used considerable amount to finance the long term investments from financing activities and less amount from operating activities, which shows the efficient cash management to some extent.

III. Cash Flow From Financing Activities:

(a)   In the year 2015, Appollo Private Limited used ₹ 28,40,000 from operating activities in repaying its long term liabilities of ₹ 12,00,000 which will ultimately help the company improve its solvancy ratios particularly debt-equity, interest coverage and total assets to debts ratios.

(b)   In the year 2014, Appollo Private Limited used proceeds of cash of ₹ 10,00,000 from issue of shares and ₹ 5,00,000 from borrowings to finance the long term investment of the company, which shows healthy sign of cash management.

On the basis of the above analysis, we may conclude that business of Appollo Private Limited is doing well and prospects of the company are bright. But the company is carrying unusually high cash and cash equivalents, indicating the inefficient cash management. The management must consider this situation and take decision for better cash management so that better standards are achieved.

Project on Revenue, Net Profit Ratio and
Earning per share of Aditya Birla Nuvo Limited

1. **Name of the Project:** A comparative study of the changes in Revenue, Net Profit and Earnings per share.

2. **Period of Study**

    (i)   Second Quarter of 2014-15 and Second Quarter of 2013-14

    (ii) Half year 2014-15 and Half year 2013-14

          (Half years include the 2nd Quarters of respective years)

3. **Objective**

    (ii) To know whether the company has performed better than before.

4. **Tools of Analysis**

    (i)   Comparative Statements and

    (ii) Net Profit Ratio

5. **Source Material**

    A cutting published in the Economic Times of 13 November 2014 giving Performance Highlights of Aditya Birla Nuvo Ltd. This information is also available on the website of the company.

6. **Process of Analysis**

    Preparation of Comparative Statements

    A)   A comparative statement on Quarterly basis involving the Second Quarter of current year i.e., 2014-15 and the corresponding Second Quarter of the previous year i.e., 2013-14. This will include the comparison of the data regarding (i) Revenue (ii) Net Profit and (iii) Earnings per share. The relative changes in the statement will be used to

ADITYA BIRLA
NUVO

THE ECONOMIC TIMES | NEW DELHI | THURSDAY | 13 NOVEMBER 2014

Aditya Birla Nuvo Limited

Performance Highlights: Q2 FY 2014-15

(₹ Crore)

Consolidated Results	Quarter 2		Half Year	
	2013-14	2014-15	2013-14	2014-15
Revenue	6,492	6,597	12,237	12,804
EBITDA	1,200	1,516	2,368	2,788
Net Profit	290	452	621	716
Basic Earning Per Share (₹ analysed)	97	139	103	110
Book Value (₹ per Equity Share)			849	943

derive conclusions. The relative changes will also be shown on the Bar Graph.

A) Quarterly basis Comparative Statement for Second Quarter ending 30 September, 2013 and 2014. (Crores)

S. No.	Particulars	2nd Quarter ending 30 Sept. 2013 ₹	2nd Quarter ending 30 Sept. 2014 ₹	Absolute change ₹	Relative change %
1.	Revenue	6,492	6,597	105	1.62
2.	Net Profit	290	452	162	55.86
3.	Earnings Per share (₹ annualized)	97	139	42	43.3

Derivations

(i) Revenue has increased only by 1.62%.

(ii) The Net profit has increased tremendously by 55.86%. This means that the company has introduced drastic expense control system to increase profit. It is quite evident from the above analysis.

(iii) Because of increase in profit by 55.86% the earning per share has also increased by 43.3%. (same reasons as above)
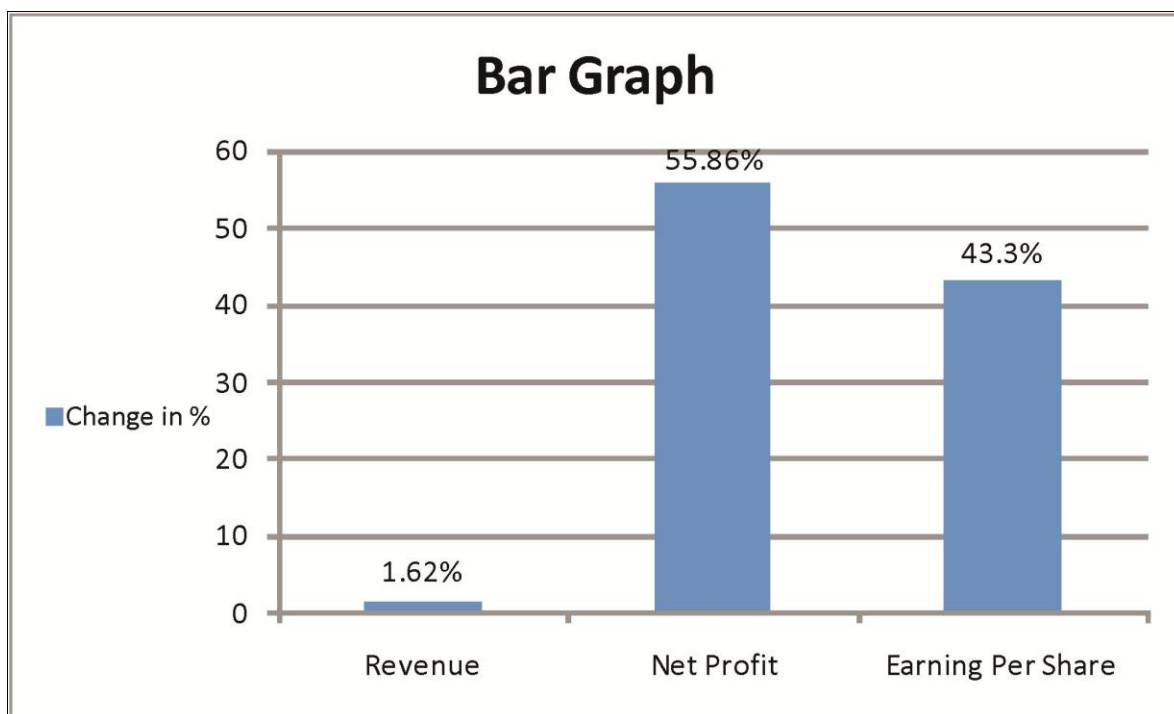
With expenses (derived)

S. No.	Particulars	2nd Quarter ending 30 Sept. 2013 ₹	2nd Quarter ending 30 Sept. 2014 ₹	Absolute change ₹	Relative change %
1.	Revenue	6,492	6,597	105	1.62
2.	Less Expenses (balancing figure)	6,202	6145	(57)	(.92)
3.	Net Profit	290	452	162	55.86
4.	Earnings Per share (₹ annualized)	97	139	42	43.3

Derivation

The profit of the second quarter has increased by 55.86% because there is a very minor decrease of .92% in expenses during this quarter.

First Quarter

Derived from the given data by deducting 2nd Quarter figure from the half yearly figure.

S. No.	Particulars	2nd Quarter ending 30 Sept. 2013 ₹	2nd Quarter ending 30 Sept. 2014 ₹	Absolute change ₹	Relative change %
1.	Revenue	5,745	6,207	462	8.04%
2.	Less expenses (balancing figure)	5,414	6,403	629	11.6%
3.	Net Profit	331	264	(–) 67	(20.24)%

Derivations

There is an increase of 11.6% in expenses leading to decrease in Net Profit by more than 20% in first quarter. This supports our contention that the first quarter performance was very poor and that is why the half – yearly performance is lower than the performance of the company in the second quarter.

(B) Half Yearly basis Comparative Statement for Half Years ending September 30, 2013 and 2014

S. No.	Particulars	Half Year ending 30 Sept. 2013 ₹	Half Year ending 30 Sept. 2014 ₹	Absolute change ₹	Relative change %
1.	Revenue	12,237	12,804	567	4.63
2.	Net Profit	621	716	95	15.3
3.	Earnings Per share (₹ annualized)	103	110	7	6.8

It has been noted that as compared to Quarterly changes, the half yearly changes are disappointing.

Derivations:

(i)   With a 4.63% increase in Revenue, the Net Profit has increased only by 15.3%.

(ii) Earning per share (EPS) has only increased marginally by 15.3%.

(iii) It seems that this comparatively dismal performance during the half year ending September 30, 2014 could be because of bad performance in the First Quarter of the current year, because First Quarter is the part of Half Year. The management should take care of this fact. This has also been vindicated by the analysis of the First Quarter given above.

(iv) The increase in Earnings per share (EPS) is also low at 6.8% as compared to 43.3% increase on quarterly basis. EPS moves with net profit. If change in net profit is low EPS change will also be low.

Comparison of Net Profit Ratios

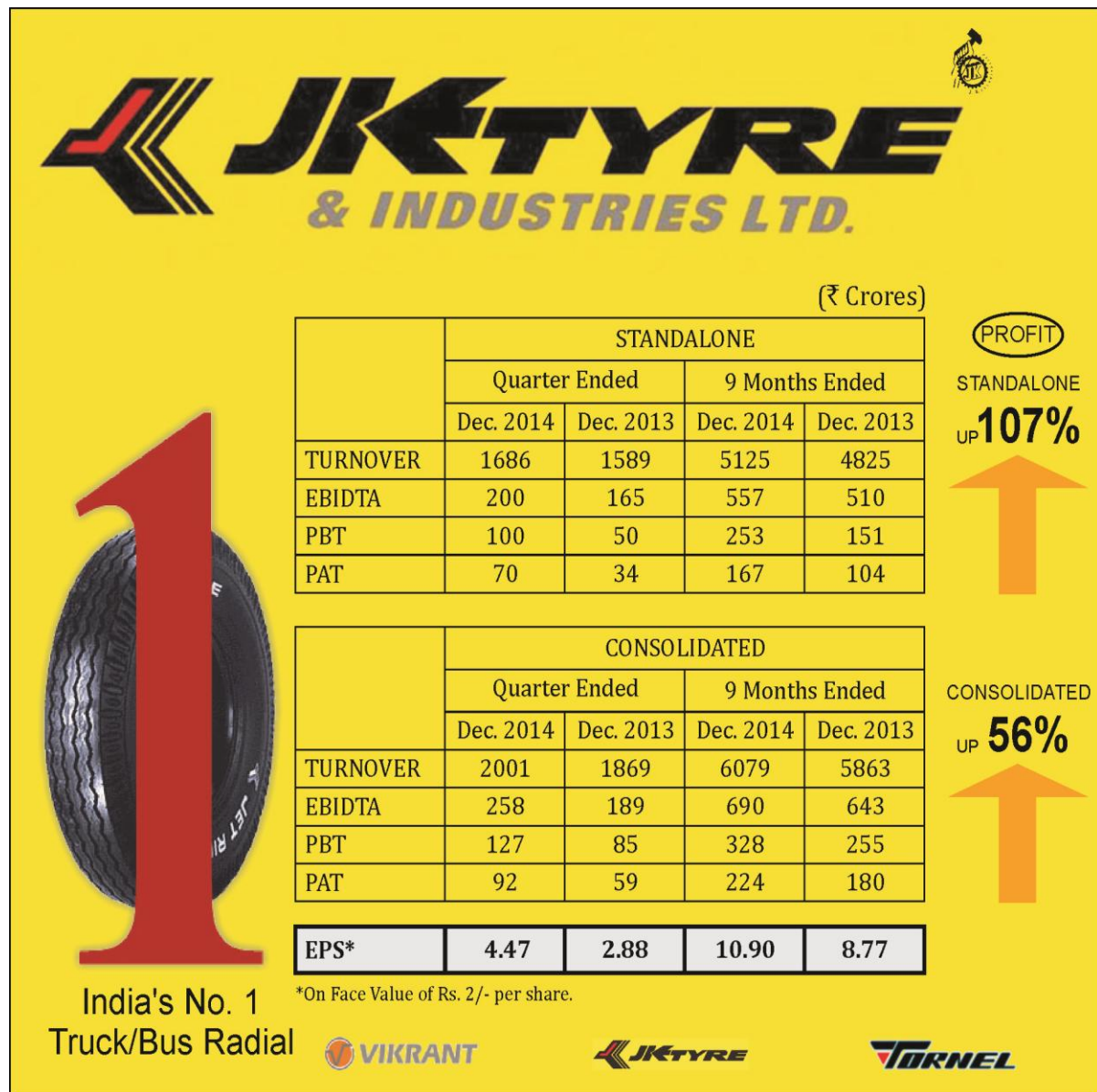| S. No.	Particular	Calculation	NP Ratio
1.	Quarter Ending 30 Sept. 2013	$\dfrac{290}{6492} \times 100$	4.47%
2.	Quarter Ending 30 Sept. 2014	$\dfrac{452}{6597} \times 100$	6.85%

3.	Half Year Ending 30 Sept. 2013	$\dfrac{621}{12237}\times100$	5.07%
4.	Half Year Ending 30 Sept. 2014	$\dfrac{716}{12804}\times100$	5.59%

This comparison of N.P. ratios also shows that the NP ratio of 2nd Quarter of the current year is better than the NP ratio of 2nd Quarter of the previous year. It is also better than the NP Ratios of both, the half years, current year and the half year of the previous year.

Conclusion: The analysis of changes in Revenue, Net Profit and Earning Per Share proves beyond doubt that the performance of 2nd Quarter of the current year 2014-2015 is the best on all accounts. On half yearly basis also the current half year performance is better than the half year of the previous year.

Exercise

1. **Source Material:** Practical Project on Comparative Analysis from either Standalone or Consolidated Information of J.K. Tyre and Industries Ltd.

(₹ Crores)

| | STANDALONE | | | | PROFIT |
| | Quarter Ended | | 9 Months Ended | | STANDALONE |
	Dec. 2014	Dec. 2013	Dec. 2014	Dec. 2013	UP **107%**
TURNOVER	1686	1589	5125	4825	
EBIDTA	200	165	557	510	
PBT	100	50	253	151	
PAT	70	34	167	104	

| | CONSOLIDATED | | | | |
| | Quarter Ended | | 9 Months Ended | | CONSOLIDATED |
	Dec. 2014	Dec. 2013	Dec. 2014	Dec. 2013	UP **56%**
TURNOVER	2001	1869	6079	5863	
EBIDTA	258	189	690	643	
PBT	127	85	328	255	
PAT	92	59	224	180	
EPS*	4.47	2.88	10.90	8.77	

*On Face Value of Rs. 2/- per share.

India's No. 1
Truck/Bus Radial

VIKRANT   JKTYRE   TORNEL

Source: The Economic Times, February 23, 2015   **OR**   Website of the Company

2. Go to the websites of different companies and pick up information on Revenue from operation, Net Profit and Capital Employed pertaining to their segments.

   On the basis of this information prepare projects on the performance of segments of the companies chosen.

Sample Questions for Written Test in Projects

1. The Second Quarter Report of a company gives following information about segment performance.

Segment	Sales ₹	Net Profit ₹
A	5,00,000	20,000
B	15,00,000	80,000
C	8,00,000	30,000

Using Ratio Analysis, comment on the following : (i) Which is the best segment ? (ii) Which segment should be discarded ?

2. The Third Quarter Report of a company gives following information about segment performance.

Segment	Sales ₹	Net Profit ₹
A	20,00,000	40,000
B	30,00,000	50,000
C	40,00,000	60,000
D	50,00,000	80,000

From the above data, find out which is the best segment and which segment should be discarded ?

3. The quarterly report of a company gives the following information about its sales revenue and profit for the second quarter of the current year and the second quarter of the previous year.

Particulars	Second Quarter of 2014–15 ₹	Second Quarter of 2013–14 ₹
Sales Revenue	8,00,000	6,50,000
Net Profit	1,90,000	1,50,000

Which Quarter is performing better? Has the performance improved ? Comment using ratios as tools of your analysis.

4. From the following particulars regarding credit sales in 2005 and 2006, is it correct to say that cash inflow from collection from debtors has improved in the year 2006 ?

Particulars	2013–14 (₹)	2014–15 (₹)
Opening balance of trade receivables	25,000	–
Closing balance of trade receivables	12,000	30,000
Credit sales	1,20,000	2,40,000
Discount allowed	2,000	3,000
Bad Debts	1,000	2,000
Returns inward	3,000	4,000

Or

If only one year's information is given, find out Cash Flow for that year.

5. The following information relates with credit purchases for two years, 2005 and 2006.

Particulars	2013–14 (₹)	2014–15 (₹)
Opening balance of trade payables	50,000	–
Closing balance of trade payables	24,000	60,000
Credit purchases	2,40,000	4,80,000
Discount received	3,000	4,000
Returns outward	7,000	6,000

Find out whether the cash outflow has increased or what is the amount of change ?

Or

If only one year's information is given find out cash flows in that year.

6. Payment of salaries or expenses is an operating outflow. The following information is given for two years 2005 and 2006. Find out whether this outflow has increased or decreased in the year 2006 in relative terms.

Particulars	2013–14 (₹)	2014–15 (₹)
Salaries outstanding in the beginning	5,000	8,000
Salaries outstanding at the end	8,000	1,000

Pre-paid salaries in the beginning	5,000	4,000
Pre-paid salaries at the end	4,000	6,000
Salaries charged to Profit and Loss Account	40,000	40,000

7. A businessman starts his business with ₹ 5,00,000. He borrows ₹ 10,00,000 @ 12% p.a. from the bank. He bought a machine for ₹ 4,00,000 and paid rent ₹ 12,000 in advance for two months. He bought goods of ₹ 1,80,000 for cash. He sold goods for ₹ 2,00,000 for cash. He also paid interest on loan for two months. Find out cash flows on account of various activities.

8. If credit sales are ₹ 12,00,000 and cash sales are 20% of Total Sales find out cash flows from cash sales from operating activities.

9. If credit purchases are ₹ 20,00,000 and cash purchases are 25% of total purchases. Find out the Cash Flow from operating activities.

10. Ramit bought 200 shares of a company @ ₹ 16 per share. Out of which he sold 150 shares @ ₹ 20 per share. What is the total profit made by him and what is the profit percent and to which account it will be credited ?

11. X and Y went to Stock Exchange. 'X' purchased shares worth ₹ 4,000 and sold for ₹ 4,600. Y purchased shares for ₹ 3,000 and sold them for ₹ 3,600. Who is a better investor and why ?

12. Mukesh purchased 100 shares @ ₹ 120 per share and paid a brokerage of 0.5%. Find out the total amount spent by him. Give Journal entry for this investment.

13. Ram was good at making designs. He started making designer garments. He bought a sewing machine for ₹ 50,000, spent ₹ 2,00,000 on its renewal and purchased fabric for ₹ 5,00,000. Find out net Cash Flow from investing and operating activities and identify the accounts involved.

14. Rahul started business with ₹ 30,00,000 which he arranged by getting a loan of ₹ 20 lakhs from his father and ₹ 10 lakhs from a bank @ 12% p.a. He bought machines for ₹ 15 lakhs, raw material for ₹ 7,80,000 and paid rent of ₹ 12,000 during the year.

What percentage of total funds at his disposal has been spent on various activities.

15. A businessman purchases shirts @ ₹ 700 each. He fixes a price which is 20% above cost. He gives a trade discount of 5% for Cash Sales. Sales not given. How much profit he earns per shirt and to which account will it be credited?

Guidelines for Practical Work in Computerized Accounting

The Board has introduced practical component in Accountancy for Class XII in Part-C titled Computerized Accounting. Out of 40 marks assigned to this unit, 20 marks have been assigned to the Practical Work. The basic infrastructure required for schools opting this option is:

1. The computer lab should be equipped with computers loaded with MS-Office 2007 and one printer for every two students.

2. The school should ensure that :

   a) The Commerce PGTs have attended the training course conducted specifically on this component by NCERT, CBSE or any other recognized organization.

   b) The Commerce PGT is capable to handle the course independently in the class.

Duration 1 Hours 30 Minutes	Maximum Marks : 20
Unit-1: File	4 Marks
Unit-2: Practical Examination	12 Marks
Unit-3: Viva	4 marks

Practical Work

Each student shall be required to prepare a soft copy of the project file herein referred to as practical file. The first page of the file should describe the title of the project, identity of student, school and that of the teacher concerned. The second page should give a list of project and page reference. The project should be duly documented in three parts : first part should describe the project and its semantics. The second part should state the methodology for carrying out the project. The third part should enlist the steps and the final outcome of the project. The last page will contain the teacher's grades and marks.

I.   Scope

The focus of practical projects in Computerized Accounting System is on data flow and generation of accounting information using application softwares like MS Access and MS Excel–2007.

Accounting Tasks in MS Excel-07

This section deals with the application of spreadsheet in specific areas of accounting. A spreadsheet is defined as a computer programme in which accounting data is arranged in a grid and is subject to various arithmetic and logical operations for arriving at the desired information for reporting. Excel is one of the softwares attached with MS Office to implement the spread sheet, referred as worksheet in Excel. The specific tasks of accounting which are described in this section relate to:

1.   Preparation of Bank Reconciliation Statement [both with passbook balance and cash book balance].

2.   Preparation of a Petty Cash book.

3.   Preparation of a Fixed Asset Account, charging depreciation on it.

4.   Ratio Analysis and Drawing up graphs/Charts on Ratios as per the Accountancy Syllabus of Class-XII.

5.   Any other accounting task within the scope of Accountancy syllabus of class-XI and XII.

Accounting Tasks in Access-07

This section deals with MS Access-07 and implementation of accounting database. MS Access is one of the popularly used Database Management System (DBMS) to create, store and manage database. The specific tasks of accounting which are described in this section relate to:

1. Creation of a data base for recording accounting transactions.

2. Preparation of a purchase and sales book.

3. Creation of a data base to calculate depreciation on fixed assets.

4. Preparation of bills receivable and bills payable book.

5. Any other accounting tasks within the scope of Accountancy Syllabus of classes XI-XII.

UNIT-1 : PRACTICAL FILE

Objective: To examine the ability of student to practically deal with an accounting reality using MS Access and MS Excel-07 package.

Scope: The scope of practical examination shall consist of projects reportedly completed by the teacher concerned who is expected to be the internal examiner also.

Guidelines for Teachers

★ The teachers must ensure that every topic given in the scope is covered by practical illustration with alternative designs, discussions and methodologies.

★ The students are expected to document six small projects (3 exercises using MS Excel-07 and 3 exercises using MS-Access).

★ The teachers will ensure that every student documents the practical illustration with minute details in a pre-designed format which will include :

(i)   Overview of the project.

(ii)   Requirements for carrying out the activity.

(iii) Building the conceptual structure.

(iv)   Executing the designed project.

(v)   Submitting the final outcome on a CD.

Guidelines for Examiners

★ Examiners should verify that every practical illustration as per list annexed hereinafter has been experimented and documented by the student.

★ While evaluating a student, the examiner must examine a student from the exercises given in practical file.

★ The 4 marks on practical file should be awarded keeping in view the following :

   ★ Presentation

   ★ Content coverage

   ★ Authenticity

   ★ Completeness of work done

UNIT-2 : PRACTICAL EXAMINATION

Objective: To examine the ability of the student to practically deal with an accounting reality by using computer system on Windows platform with MS Access package for DBMS.

Scope: The scope of practical examination shall consist of practical exercise as reportedly experimented with students by the teachers concerned who are expected to be the Internal Examiner also.

Guidelines for Examiner

✰ There should be an Internal examiner (the teacher concerned) and an external examiner appointed by CBSE for conducting the practical examination. The award should be finalized by external examiner in consultation with the Internal Examiner.

✰ The external examiner should set the question in consultation with the Internal Examiner. While setting the question paper examiner must ensure that the practical paper can be completed within the stipulated time frame.

✰ The teacher (internal examiner) will apprise the external examiner of the existing infrastructure in the school for holding practical examination.

✰ They will set multiple question papers depending on the number of students and distribute the same in such a manner that the next two and previous two candidates in a row do not have the same practical questions to solve on a computer system.

✰ The number of exercises for practical examination should be limited to one or two.

✰ While conducting the practical examination, the external examiner should ensure that the print out of important parts of solution on practical question have been taken for being annexed to the answer books along with questions. The students should also note down the steps taken on the answer sheet. A student should be free to use the answer book for any rough work during the course of practical examination.

✰ During the conduct of practical examination, the examiner should interact with each candidate so as to make spot assessment of his/her performance in different practical questions. The final assessment should be based on the degree of coverage of practicals during the year and spot assessment of practicals by examiners.

UNIT-3 : VIVA-VOCE'

Objective:

⭐ To test whether the student has understood the practical exercise and is able to repeat the same with modification or not.

⭐ To test whether the student is not repeating what he has already memorized.

⭐ To test whether the soft copy of the practical file presented by a candidate is his/her original creation or acquired from others.

Scope: The scope of oral examination consists of following :

⭐ Practical exercises as documented in the practical file by the candidate.

⭐ Ability to handle the computer system for basic operations such as saving the project, printing the project and demonstrating the outcomes of practical exercise.

⭐ Reasoning on how the experiment has been successfully completed.

Guidelines for Teacher

⭐ The internal examiner should provide necessary feedback to the external examiner about each student on the basis of his/her interaction during the course of teaching learning process.

⭐ They must put their students at ease by initially talking with them about their work done.

SPECIMEN PROJECTS IN ACCESS - 2007

PROJECT-1

Creation of a database for storing Accounting Transactions using MS-Access-2007. Consider the following accounting transactions

Date April, 2010	Transaction	Amount ₹
01	Commenced business with cash (Sandeep ₹ 5,00,000; Naveeen ₹ 4,00,000)	9,00,000
01	Cash deposited into Bank	4,00,000
02	(i) Goods purchased and payment made by Cheque No.: 765421	1,50,000
	(ii) Cheque No.: 765422 issued to M/s Nahar Transports for Carriage	3,000
	(iii) Rent for the month April 2010 paid by Cheque No.: 765423	9,000
03	Goods purchased for cash from M/s R.S. & sons	18,000
	Paid for Carriage to M/s Saini Transports	200
04	Goods sold to Kemp & Co.	1,75,000
05	Goods purchased from M/s Jay Ram Bros.	2,50,000
06	Sold goods for cash to M/s Kumbley & Co.	45,000
08	Paid for advertisement by Cheque No. : 765424 to M/s ABN cables	2,500
09	Received Bill of Exchange from Kemp & Co. payable after 3 months	1,75,000
10	Bill of Exchange received from Kemp & Co. discounted	1,71,500
12	Goods returned to Jay Ram Bros., being defective	10,000
15	Advance cash payment to salesman for marketing tour	10,000
17	Paid for Insurance of godown Cheque No. : 765425	5,500
18	Paid for Fuel, Power and Electricity	1,000
18	Salary paid in advance to Bimal	10,000
19	Accepted a Bill of exchange payable after four months in favour of Jay Ram Bros. in full settlement of account	2,35,000
21	Returns from M/s Kumbley & Co., settled by Cheque No.: 765427	5,000

23	Cash withdrawn by Sandeep for household expenses	20,000
25	Advance to salesman adjusted: (i) Entertainment (ii) Travelling (iii) Boarding and lodging	 4,500 2,200 3,500
27	Goods taken from stock for personal use by Sandeep	5,000
28	Furniture purchased from M/s S.N. Furniture by Cheque No.: 765428	45,000
29	A part of existing stock set aside for usage as office furniture	35,000
30	Salary for the month paid by cheques: (i) Cheque no. : 765429 to Aditya (ii) Cheque no. : 765430 (1/4th of advance adjusted) (iii) Cheque no. : 765431 to Smith (iv) Cheque no. : 765432 to Sunil	 9,000 5,500 6,000 5,000
30	Payment of Telephone bill by Cheque No.: 765433	1,500
30	Paid for wages by cash	7,000

Note: Provide the V-no (sequentially) and V-date (chronologically) to each accounting transaction.

Required:

1. Build the conceptual database design for following three tables : Account type table, Accounts table and vouchers table.

    a) Categorise the individual accounts and diagrammatically represent the chart of account.

Table-1: Account Type

Cat-id	Categories
1	Assets
2	Liabilities
3	Expenses
4	Capital
5	Revenues

b) Codify the individual accounts and represent the scheme of codification in the following format.

Table 2: Accounts

Code	Account Name	Account Type
The length of the code can be decided as per requirement	List all individual accounts appearing in the given accountancy transaction	Same as cat-id

c) Structure the data content in the following format:

Table 3: Vouchers Table

V. No.	Debit	Amount	V-date	Credit	Narration
Enter voucher number sequentially	Enter the codes of the account to be detailed	Enter the amount of transaction	Enter the voucher date	Enter the code of the account to be credited	State the narration

2. Implement the above conceptual design (Model) using MS-Access-2007.

PROJECT-2

Preparation of a Purchase Book. Carefully look at the following information.

Tables	Table Name	Fields in the Table
Table-1	Purchase Bill	Purchase voucher no, Purchase voucher, date, supplier code, quantity, rate, bill account, update.
Table-2	Supplier Master	Supplier code, Supplier name, Total purchase amount, total paid amount, outstanding amount.
Table-3	Purchase-Payment	Payment voucher no., Payment voucher, date, supplier code, amount paid, update.

Field Properties

Purchase voucher no.	Number	
Purchase voucher date	Date/time	
Supplier code	Number	
Quantity	Number	Table-1
Rate	Number	(Purchase Bill)
Bill Amount	Number	
Update	Yes/No.	
Supplier code	Number	
Supplier name	Text	
Total purchase amount	Number	Table-2
Total paid amount	Number	(Supplier Master)
Outstanding amount	Number	
Payment voucher no.	Number	Table-3
Payment voucher date	Date/Time	(Purchase payment)
Supplier code	Number	
Amount paid	Number	
Update	Yes/No.	

Indicating the Primary Key

Table-1	Purchase Voucher No.
Table-2	Supplier code
Table-3	Payment Voucher No.

Required :

1. Show the database design in terms of data tables and their inter-relationship.

2. Implement the design using Access 2007, updating the "Supplier Master Table" with every subsequent accounting transaction.

3. Create a Report "Purchases Book" in the following format.

<Report Name> <Date and Time>

Fields < Supplier code, Supplier name, total purchase amount,

Total paid amount, outstanding amount>

SPECIMEN PROJECTS: USING EXCEL 2007

PROJECT-3

Petty Cash Book

Consider the following petty cash transactions :

Mr. Mohit, the petty cashier of M/s Samaira Traders received ₹ 2,000/- on May 2015 from Head Cashier. For the month, details of petty expenses are listed here under :

Date	Details	Amount ₹
May 01 2015	Auto Fare	55
02	Courier Services	40
03	Postal Stamps	105
04	Erasers/Sharpeners/Pencils/Pads	225
05	Speed Post Charges	98
06	Taxi fare (₹ 105 + ₹ 90)	195
08	Refreshments	85
10	Auto fare	60
12	Registered postal charges	42
13	Telegram	34
14	Cartage	25
16	Computer Stationery	165
19	Bus fare	24
20	Office sanitation including disinfectant (₹ 36 + ₹ 24)	60
22	Refreshment	45
23	Photostat Charges	47
28	Courier services	40
29	Unloading charges	40
30	Bus fare	15

Required:

1. Open a 'Worksheet' and name it "Main Page".

2. Create the following screen (Fig. 1) using the table/below showing cell wise command, data types to be defined and data contents.

Table-1

Cell Reference	Use Command	Need for	Data Type	Content
C1	Merge Cells C1:G1	Enter Title	Text	Summary of Petty Cash Book
B3	Merge Cells B3:D3	Enter Title	Text	Name of the Organization
B4	Merge Cells B4:D4	Enter Title	Text	Name of the Department
B5	Merge Cells B5:D5	Enter Title	Text	G/L Account Number
B6	Merge Cells B6:D6	Enter Title	Text	Batch Number
B7	Merge Cells B7:D7	Enter Title	Text	Cash Receipt/OB
E3	Merge Cells E3:13	Enter Data	Text	Enter the Name of the Organization (e.g. Samaira Traders) (This cell will be linked in other work sheets)
E4	Merge Cells E4:14	Enter Data	Text	Enter the Name of the Department (e.g. IT) (This cell will be linked in other work sheets)
E5	Merge Cells E5:G5	Enter Data	Numeric	Enter the G/L Account Number (e.g. 12345) (This cell will be linked in other work sheets)
E6	Merge Cells E6:G6	Enter Data	Numeric	Enter the Batch Number (e.g.1) (This cell will be linked in other work sheets)
E7	Merge Cells E7:17	Enter Data	Numeric	Enter the Cash Receipt/OB (e.g. 2000.00) (This cell will be linked in other work sheets)
E8	Merge Cells E8:18	Enter Data	Date	Enter the Date of receipt amount or OB (e.g. May 1, 2005) (This cell will be linked in other work sheets)

| E9 | Merge Cells E9:19 | Calculate | Numeric | Cash Spent/Expenses This total of expenses received here from other sheets (e.g. 1487.00)

(The cell will be linked from other work sheets) |
| E10 | Merge Cells E10:10 | Calculate | Numeric | This is a Calculated value using formula : = (E7-E9) (e.g. 513.00) |

3. Open the new worksheet and name it 'Entries'. This worksheet will have four parts (refer figure-2)

   a)   Data is first three rows.

   b)   Data for opening balance/receipt for cash.

   c)   Data for daily expenses.

   d)   Data for final balance at the end of period.

4. Using the table-2, prepare the petty cash book in Excel (refer figure 2)

   a)

Cell Reference	Use Command	Need for	Data Type	Content
B1	Merge cells B1:C1	Enter Title	Text	Book of
E1	Merge cells E1:G1	Link Data	Text	= Main Page'!E3:13
H1	Merge Cells H1:L1	Enter Title	Text	Petty Cash Book
B2	Merge cells B2:C2	Enter Title	Text	Department
E2	Merge cells E2:G2	Link Data	Text	= 'Main Page'!E4:14
H2	Merge Cells H2:J2	Enter Title	Text	G/L Account Number
K2	Merge Cells K2:L2	Link Data	Numeric	= 'Main Page'!E5
H3	Merge Cells H3:J3	Enter Title	Text	Batch Number
K3	Merge Cells K3 : L3	Link Data	Numeric	= 'Main Page'!E6

b)

Cell Reference	Use Command	Need for	Data Type	Content
A5	Merge cells A5:C5	Enter Title	Text	Receipts
A6	–	Enter Title	Text	Date
B6	–	Enter Title	Text	Particulars
C6	–	Enter Title	Text	Amount
A7	–	Enter Title	Text	= 'Main Page'!E8'
B7	–	Enter Title	Text	Balance B/f
C7	–	Enter Title	Numeric	= 'Main Page'!E7

c)

Cell Reference	Use Command	Need for	Data Type	Content
E5	Merge cells E5:H5	Enter Title	Text	Expenditure
I5	Merge cells I5:M5	Enter Title	Text	Analysis of Payments
E6	–	Enter Title	Text	Data
F6	–	Enter Title	Text	Voucher Number
G6	–	Enter Title	Text	Particulars
H6	–	Enter Title	Text	Net Amount
I6	–	Enter Title	Text	Postage
J6	–	Enter Title	Text	Telephones & Telegram
K6	–	Enter Title	Text	Conveyance
L6	–	Enter Title	Text	Stationery
M6	–	Enter Title	Text	Miscellaneous
E7:E35*	Each Cell	Enter Data	Date	Date of Transaction
G7:G35*	Each Cell	Enter Text	Text	Text for every Transaction
H7:H35*	Each Cell	Enter Amt.	Numeric	Amount spent
17:M35*	Each Cell	Enter Amt	Numeric	As per classification enter the respective amount

* Enter data till last date/period is given

d)

Cells Reference	Use Command	Need for	Data Type	Content
B30	—	Enter Title	Text	Total
C30	—	Calculate	Numeric	Use Sum Function
G30	—	Enter Title	Text	Total
H30 : M30	—	Calculate	Numeric	Use Sum Function
E31	—	Calculate	Date	Date of Balance c/d which will be equal to the sum of the date in last cell and 1 (e.g. E27 + 1)
G31	—	Enter Title	Text	Balance C/d
H31	—	Calculate	Numeric	= (C30-H30)
G32	—	Enter Title	Text	Total
I31	—	Calculate	Numeric	= (H30-H31)
A34	—	Calculate	Date	Date of Balance b/d which will be equal to the sum of the date in last cell and 1 (e.g. E31 + 1)
B34	—	Enter Title	Text	Balance b/d
C34	—	Link Data	Numeric	= H31
A35	—	Link Data	Date	= A34
B35	—	Enter Title	Text	Cash Received
C35	—	Link Data	Numeric	= H30

PROJECT-4

Preparation of the machinery account and depreciation account using the following example.

M/s Singhania and Bros. purchased a plant for ₹ 5,00,000 on April 1st 2015 and spent ₹ 50,000 for its installation. The salvage value of the plant after its useful life of 10 years is estimated to be ₹ 10,000. Record journal entries for the year 2015-16 and draw up plant account and depreciation account for first three years given that the depreciation is charged using straight line method if :

☆ The books of accounts are closed on 31st March every year.

☆ The firm charges the depreciation to asset accounts.

Required:

1. Open a worksheet and name it "Main Page".

2. Create the following screen (figure 1) with the details given in chronological order in table-1.

Cell Reference	Use Command	Need for	Data Type	Content
B3	–	Enter Title	Text	Name of the Company
B4	–			Type of asset
B5	–	Enter Title	Text	Purchase cost
B6	–	Enter Title	Text	Transportation cost
B7	–	Enter Title	Numeric	Installation charges
B8	–	Enter Title	Numeric	Repairing cost
B9	–	Enter Title	Numeric	Acquisition cost
B10	–	Enter Title	Numeric	Salvage value
B11	–	Enter Title	Numeric	Estimated life
B12	–	Enter Title	Percentage	Rate of depreciation
B13	–	Enter Title	Numeric	Date of purchase
B14	–	Enter Title	Sin	Method of depreciation

3. Calculate the amount of depreciation (refer figure 2) and prepare the depreciation account (refer figure-3). The steps are shown in table 2.

Cell Reference	Use Command	Need for	Data Type	Content
K3	–	Enter Title	Text	Calculation for Depreciation
K4	–	Enter Title	Text	Sr.no
L4	–	Enter Title	Text	Function used
04	–	Enter Title	Text	Result
K5	–	Enter Title	Numeric	1
L5	–	Function	Date	=SLN(G4,Main_Page!C10,Main_Page!C11)
05	–	Function	Numeric	54000
C16	–	Enter Title	Text	Particulars
F16	–	Enter Title	Text	JF
G16	–	Enter Title	Text	Amount (Rs.)
H16	–	Enter Title	Text	Date
I16	–	Enter Title	Text	Particulars
L16	–	Enter Title	Text	JF
M16	–	Enter Title	Text	Amount (Rs.)

4. Prepare the plant account (refer Figure 4). The steps are shown in table-3.

Cell Reference	Use Command	Need for	Data Type	Content
G14	–	Link data	Text	=Main_Page!C4
B15	–	Enter Title	Text	Dr.
M15	–	Enter Title	Text	Cr.
B16	–	Enter Title	Text	Date

PROJECT-5

Calculating various ratios using figures given in financial statements and presenting them through charts and graphs.

Required:

1. Create a 'Data Entry' sheet following the procedure given in table-1 (refer figure 1)

Sheet "Data Entry"

F2		f_x						
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
1	Balance Sheet of_____							
2								
3	Capital & Liabilities	Amount at Year-I	Amount at Year	Amount at Year	Assets	Amount at Year-I	Amount at Year	Amount at Year
4	Share Capital				Fixed Assets			
5								
6								
7								
8								
9								
10								
11								
12								
13					Investments			
14	Reserves and Surplus							
15								
16								

17								
18					Current Assets Line and Advances			
19					Current Assets			
20					Stock			
21	Secured Loan				Prepaid Expenses			
22								
23								
24								
25								
26								
27	Unsecured Loan							
28					Linear Advances			
29								
30								
31								
32								
33								
34	Current Liability & Provision							
35	Current Liability							
36					Miscellaneous Expenditure			
37								
38								

39								
40	Provisions							
41								
42					PPL Account			
43								
44								
45		0.00	0.00	0.00		0.00	0.00	0.00
46								
47								
48	Profit before							
49								
50	Net sales							
51								

Cell Reference	Use Command	Need For	Data Type	Content
A1	Merge A1:F1	Enter Title	Text	Balance Sheet as on____
A3 to H3	A3 to H3	Enter Title	Text	Headings
A4	A4	Enter Title	Text	Share Capital
A14	A14	Enter Title	Text	Reserves & Surplus
A21	A21	Enter Title	Text	Secured Loans
A27	A27	Enter Title	Text	Unsecured Loans
A34	A34	Enter Title	Text	Current Liabilities and Provision
E4	E4	Enter Title	Text	Fixed Assets
E13	E13	Enter Title	Text	Investments
E18	E18	Enter Title	Text	Current Assets, Loans and advances
E20	E20	Enter Title	Text	Stock
E21	E21	Enter Title	Text	Prepaid Expenses
E36	E36	Enter Title	Text	Miscellaneous Expenditure
E42	E42	Enter Title	Text	P/L Account (Debit Side if any)
A48	A48	Enter Title	Text	Profit before Interest and Tax
A50	A50	Enter Title	Text	Net Sales
(B45 To D45) & (E45 To H45)			Formula	= sum(above)

Note : The user is required to enter the given amounts in cells B4 to D44, F4 to H44, B48 to D48 & B48 to B50 after having written their respective account heads in cells A4 to A44 & E4 to E44.

2. Create a 'Ratios' sheet (Figure 2) following the procedure given in table 2.

Cell Reference	Use Command	Need For	Data Type	Content
C2		Calculation of current assets	Formula	= SUM ('Data Entry'!F18:F35)
C3		Calculation of current liabilities	Formula	=SUM ('Data Entry'! B34 : B44)
D2	Merge D2:D3	Calculation of Current Ratio	Formula	=C2/C3
C6		Calculation of Liquid assets	Formula	=SUM ('Data Entry'!F22 : F35)
C7		Calculation of current liabilities	Formula	= SUM ('Data Entry' ! B34 : B44)
D6	Merge D6 : D7	Calculation of Quick Ratio	Formula	=C6/C7
C10		Calculation of Long term debts	Formula	=SUM ('Data Entry' ! B21 : B26)
C11		Calculation of shareholders' fund	Formula	=SUM ('Data Entry'!B4 : B20)-SUM ('Data Entry' !F36 : F44)
D10	Merge D10:D11	Calculation of Debt Equity Ratio	Formula	=C10/C11
C14		Calculation of Shareholders fund	Formula	=SUM ('Date Entry'! B4:B20)-SUM ('Data Entry'! F36 : F44)
C15		Calculation of Total Assets	Formula	='Data Entry'! F45-SUM ('Data Entry'! F36 : F44)
D14	Merge D14:D15	Calculation of Proprietary Ratio	Formula	= C14/C15

C18		Calculation of Total	Formula	= 'Data Entry' ! F45-SUM ('Data Entry'! F 36 : F44)
C19		Calculation of long term debts	Formula	=SUM ('Data Entry' B21 : B26)
D18	Merge D18 : D19	Calculation of Total asset to debt ratio	Formula	=C18/C19
C22		PBIT	Linkage	='Data Entry' !B48
C23		Calculation of	Formula	'SUM ('Data Entry' !B4 : B26)-SUM ('Data Entry'!F36 : F44)
D22	Merge D22:D23	Calculation of ROI	Formula	= C22/C23
C26		Net Sales	Linkage	= ('Data Entry'! B50
C27		Calculation of Working Capital	Formula	=SUM ('Data Entry'! F18 : F 35)-SUM ('Data Entry' ! (B34:B44)
D26	Merge D26"D27	Calculation of turnover ratio	Formula	=C26/C27
C30		Net Sales	Linkage	='Data Entry'! B50
C31		Calculation of Fixed	Formula	=SUM ('Data Entry' !F4 : F12)
D30	Merge D30 : D31	Calculation of Fixed Assets turnover ratio	Formula	=C30/C31

Note: Column A and B will be entered manually i.e. the names of ratios and formulae to calculate them.

(All steps listed below are for Year 1, steps for other years may be written on this basis).

3. Calculate the following ratios:

(i)   Current ratio

(ii)   Liquid ratio

(iii)   Debt equity ratio

(iv)   Proprietary ratio

(v)   Total assets to debt ratio

(vi)   Return on capital employed

(vii)   Working capital turnover ratio

(viii) Fixed assets turnover ratio

<div align="center">

Sheet "Ratios"

</div>

Certain specified ratios will be calculated automatically in sheet (Ratios) as shown below:

012	f_x							
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
1			Year-1		Year-2		Year-3	
2	Current Ratio = $\dfrac{\text{Current Assets}}{\text{Current Liabilities}}$	$\dfrac{0}{0}$	#DIV/0!	$\dfrac{0}{0}$	#DIV/0!	$\dfrac{0}{0}$	#DIV/0!	
3								
4								
5								
6	Quick Ratio = $\dfrac{\text{Liquid Assets}}{\text{Current Liabilities}}$	$\dfrac{0}{0}$	#DIV/0!	$\dfrac{0}{0}$	#DIV/0!	$\dfrac{0}{0}$	#DIV/0!	
7								
8								
9								
10	Debt Equity Ratio $= \dfrac{\text{Long Term Debts}}{\text{Shareholders Fund}}$	$\dfrac{0}{0}$	#DIV/0!	$\dfrac{0}{0}$	# DIV/0!	$\dfrac{0}{0}$	#DIV/0!	
11								
12								

13								
14	Proprietary Ratio = $\dfrac{\text{Shareholders Fund}}{\text{Total Assets}}$	$\dfrac{0}{0}$	#DIV/0!	$\dfrac{0}{0}$	# DIV/0!	$\dfrac{0}{0}$	#DIV/0!	
15								
16								
17								
18	Total Assets to Debt Ratio = $\dfrac{\text{Total Assets}}{\text{Long Term Debts}}$	$\dfrac{0}{0}$	DIV/0!	$\dfrac{0}{0}$	DM/0!	$\dfrac{0}{0}$	#DIV/0!	
19								
20								
21								
22	Return on Capital Employed = $\dfrac{\text{Profit before interest \& tax}}{\text{Capital Employed}}$	$\dfrac{0}{0}$	#DIV/0!	$\dfrac{0}{0}$	DM/0!	$\dfrac{0}{0}$	#DIV/0!	
23								
24								
25								
26	Working Capital Turnover Ratio = $\dfrac{\text{Net Sales}}{\text{Net Working Capital}}$	$\dfrac{0}{0}$	#DIV/0!	$\dfrac{0}{0}$				
27								
28								
29								
30								
31	Fixed Asset Turnover Ratio = $\dfrac{\text{Net Sales}}{\text{Net Fixed Assets}}$	$\dfrac{0}{0}$	#DIV/0	$\dfrac{0}{0}$	#DIV/0	$\dfrac{0}{0}$	#DIV/0	

4. Create graphs/charts using the procedure given in table 3.

Cell A1 to A8, B1 to B8, C1, D1, E1 are to be entered manually.

Cell Reference	Use Command	Data Type	Content
C2	C2	Linkage	=Ratios!D2
C3	C3	Linkage	=Ratios!D6
C4	C4	Linkage	=Ratio!D10
C5	C5	Linkage	=Ratios!D14
C6	C6	Linkage	=Ratios!D18
C7	C7	Linkage	=Ratio!D22
C8	C8	Linkage	=Ratios!26
C9	C9	Linkage	=Ratios!D30
D2	D2	Linkage	=Ratio!DF2
D3	D3	Linkage	=Ratios!F6
D4	D4	Linkage	=Ratios!F10
D5	D5	Linkage	=Ratios!F14
D6	D6	Linkage	=Ratios!F18
D7	D7	Linkage	=Ratios!F22
D8	D8	Linkage	=Ratios!F26
D9	D9	Linkage	=Ratios!F30
E2	E2	Linkage	=Ratios!H2
E3	E3	Linkage	=Ratios!H6
E4	E4	Linkage	=Ratios!H10
E5	E5	Linkage	=Ratios!H14
E6	E6	Linkage	=Ratios!H18
E7	E7	Linkage	=Ratios!H22
E8	E8	Linkage	=Ratios!H26
E9	E9	Linkage	=Ratios!H30

With the help of data specified in cells B2 : E9 graphs using graphs function can be made.

PROJECT-6

Preparation of a Bank Reconcitation statement.

Required:

1. Consider the cash book and the Bank Statement of R. Pandya & Co. for the month of July, 2015.

2. Compare the transactions in both the books and identify the causes of difference manually.

3. Classify the causes and post them in the first sheet i.e., DATA ENTRY (figure 1) as for the steps given in table 1.

Cash Book
R. Pandya & Co.

Data	Particulars	Bank ₹	Date	Particulars		Bank ₹
2015			2015			
July 01	Balance B/d	756.20	July 02	Aditya	4450	50.00
July 03	Kanishq	220.00	July 02	Verma	4451	130.00
July 15	Rampal	330.00	July 02	Gayatri	4452	10.00
July 31	Sareen Bros.	63.00	July 08	Mehta	4453	27.50
			July 14	Mehta Ltd.		89.00
			July 14	Kaushik	4454	49.00
			July 15	Kriosk	4455	250.00
			July 26	Insurance Premium		122.00
			July 31	Balance c/d		641.70
		1369.20				1369.20

Bank Statement

Account	R. Pandya & Co.
Account number	79014456
Ledger No.	17
Date	July 31, 2015

Date	Details	Debit ₹	Credit ₹	Balance ₹
2015				
July 01	Balance			756.20 Cr.
July 04	Cheques		220.00	976.20 Cr.
July 09	4450	50.00		926.20 Cr.
July 14	4452	10.00		916.20 Cr.
July 16	Subhash & Co. (DD)	89.00		827.20 Cr.
July 19	Cheques		330.00	1,157.20 Cr.
July 24	4455	250.00		907.20 Cr.
July 26	Insurance Premium	122.00		785.20 Cr.
July 30	4454	49.00		736.20 Cr.
July 31	Bank Charges	12.95		723.25 Cr.
July 31	Ruchita Limited		179.75	903.00 Cr.

The following steps are followed for sheet (Data Entry)

Cell Reference	Use Command	Need For	Data Type	Content
A1	A1	Enter Title	Text	Name of the Firm
D1	Merge Cells D1 : G1	Enter Title	Text	Enter the name of the Org. "R. Pandya & Co."
A3	A3	Enter Title	Text	Bank Reconciliation Statement as on
D3	Merge Cells D3:G3	Enter Title	Date	Enter the date "31-07-2005"
A5	A5	Enter Title	Text	Balance as per Cash Book
D5	Merge Cells D5 : G5	Enter Title	Number	Enter the balance of CB "641.70"
A7	A7	Enter Title	Text	Balance as per Pass Book
D7	Merge Cells D7 : G7	Enter Title	Number	Enter the balance of PB "903.00"

A10	A10	Enter Title	Text	Cheques issued during the month
A12:F17				Values to be entered Manully
F12 :F21		Listing between Y/N	Text	Function to be used for Listing DATA-Validation-setting-allow (List) source; Y,N
G12:G21			Formula	Formula Used =if ((f12 = "Y"), 0, E 12) and copy the same from G12 to G13 : G21
G22			Formula	Formula=Sum (G12:G21)
A24	A24	Enter Title	Text	Cheques Deposited during the month
A26:F37				Values to be entered Manually
F26:G37			Formula	Formula Used = if ((f26="Y"), 0,E26) and copy the same from G26 to G27:G37
G38			Formula	Formula=Sum (G26:G37)
A40	A40	Enter Title	Text	Cheque directly deposited by customer
A42 : E46				Values to be entered manually
E47			Formula	=Sum(E42:E47)
A49	A49	Enter Title	Text	Cheque dishonoured
A51 :E55				Values to be entered manually
E56			Formula	=Sum (E51:E56)
A58	A58	Enter Title	Text	Debits in Pass Book
A60:D63				Values to be entered manually
D64			Formula	=Sum (D61:D63)
A66	A66	Enter Title	Text	Credit in Pass Book

A68:D71				Values to be entered manually
D72			Formula	=Sum (D68:D71)
A74	A74	Enter Title	Text	Wrong Credits in Cash Book
A76:D79				Values to be entered manually
D80			Formula	=Sum (D76:D79)
A82	A82	Enter Title	Text	Wrong Debits in Cash Book
A84:D87				Values to be entered manually
D88			Formula	=Sum (D84:D87)

4. Using the steps shown in Table-2, show the output in the form of a bank reconciliation statement.

CBSE

CONTINUOUS AND COMPREHENSIVE EVALUATION

KNOW - AS YOU GROW