

Project Guidelines

A. Points to be kept in mind while preparing the Accountancy Project for Grade - 12

1. Always try to choose exciting accountancy project topics.
2. Always keep your project short and precise. Add content related to your project topic only.
3. Try to Add Diagrammatic/Graphic Presentation. Add Diagrams, Pie-Charts, Bar Charts, and Graphs (If possible)
4. If you have any doubts, ask your project guide for project guidelines.
5. Submit your project report on time.

B. Important points that should be included in the project.

1. Title of the project
2. Problem being discussed in the project.
3. The main reason for selecting this project topic
4. Literature Review
5. The objective of the project
6. Scope of the project
7. Limitations of the project
8. Working methodology of project
9. Acknowledgement
10. Preface
11. Contents of the project
12. Observations and findings
13. Conclusion
14. References (reference books, journals, magazines, websites, etc.)

C. Steps to be kept in mind while writing the project

1. Identifying the Project Statement
2. Setting the Project Objective and Scope of the Project
3. Defining the Project Tasks and Responsibilities (Creating the Work Flow Structure)
4. Monitoring the Project and Finding the Important Resources Required

D. Here is a sample project with important detailed points to be kept in mind while creating your project.

Accountancy Project - Class 12 PROJECT WORK (____ YEAR)

NAME OF THE SCHOOL : _____
NAME OF THE STUDENT : _____
CLASS : _____
CBSE ROLL NUMBER : _____
ACADEMIC YEAR : _____
TEACHER IN CHARGE : _____

ACKNOWLEDGEMENT

I would like to convey my sincere thanks to (teacher's name), my accountancy teacher, who always gave me valuable suggestions and guidance during the project. She/he has a source of inspiration and helped me understand and remember important details of the project. She/he gave me an amazing opportunity to do this wonderful project '(name of the project)'.

I also thank my parents and friends for their help and support in finalising this project within the limited time frame.

Place: _____
Date : _____

Name : _____
Signature : _____

CERTIFICATE BY GUIDE

This is to certify that _____ (name of the student) of class XII of _____ (name of the school), _____ (name of the state) has completed his/her project file under my guidance. He/she has taken proper care and shown the utmost sincerity in completing this project.

I certify that this project is up to my expectations and as per the guidelines issued by CBSE.

(Name of the faculty)
(Commerce Department)

(Signature)

CERTIFICATE BY STUDENT

I _____ (name of the student), student of class XII of _____ (name of the school),
_____ (name of the state) hereby certify that the project was undertaken by me as per
the CBSE curriculum. I take it to be authentic and reliable.

_____ (Name of the student)

_____ (Signature)

_____ (Roll number)



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	(f) Conclusion	

PROJECT COMPREHENSIVE PROBLEM (Name of the project)

Comprehensive Problem:

Mr. Shekhar decided to commence a computer business in a building which was constructed at a cost of ₹2,00,000 and contributed a further sum of ₹5,00,000. He wanted to start with 10 computers. He started business on 1st April 2020. On the same date, he deposited ₹4,80,000 in the bank.

He went on to PNB bank and put up his proposal and managed to get a loan to the extent of 75 percent of the cost of the computers ₹8,00,000 with printers. It was agreed that the loan will be repaid in three annual instalments as follows.

- At the end of first year - ₹2,00,000 + ₹60,000 (Interest)
- At the end of 2nd year - ₹2,00,000 + ₹40,000 (Interest)
- At the end of 3rd year - ₹2,00,000 + ₹20,000 (Interest)

He gave ₹2,00,000 to the computer company as 25% of the value of the computer purchased and ₹6,00,000 out of bank loan availed. He deposited ₹2,000 for the electrical connection with the Electricity Board and deposited ₹2,00,000 TSNL for the telephonic connection. He got the furnished computer cafe by paying ₹50,000 and also spent ₹4,500 in getting pamphlets printed and distributed.

All payments were to be made by cheque and all the receipts were in cash to be deposited in the bank on the same day. At the end of the year, their results showed following:

● Revenue from fees received from students of computer class	₹5,60,000
● Revenue from internet facility	₹2,40,000
● Revenue from sale of computer hardware	₹1,96,000
● Purchases of computer hardware	₹1,10,000
● Telephone expenses	₹68,000
● Petty expenses	₹24,000

- Entertainment expenses ₹20,000
- Miscellaneous expenses ₹20,000
- Wages paid ₹12,000

He withdrew ₹12,000 by cheque each month for their personal expenses. He paid the bank loan regularly.

Required:

- a. Journalise the above transaction
- b. Post them into ledger accounts
- c. Prepare the Trial Balance
- d. Prepare the Trading, Profit and Loss Account and Balance Sheet after taking into account that electricity charges of ₹2,48,000 is yet to be paid.
- e. Charge depreciation at the rate of 25% on computers, 10% on furniture and 5% on buildings.
- f. Calculate profitability ratio and comment on the efficiency of the business if the net profit ratio and gross profit ratio in similar types of business concerns are 20% and 50% respectively.
- g. Mr. Shekhar wants to expand his business. He approached the bank for a further loan. Compare the ratio that the banker will require before granting the loan. (Current ratio, quick ratio and debt equity ratio)

Solution:

Journal Entries

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2020 1 st April	Cash A/c Dr. Building A/c Dr. To Capital A/c (Capital introduce in the business)		5,00,000 2,00,000	7,00,000
1 st April	Bank A/c Dr. To Cash A/c (Cash deposited into bank)		4,80,000	4,80,000
1 st April	Bank A/c Dr. To Bank Loan A/c (Loan taken from PNB bank)		6,00,000	6,00,000
1 st April	Computer A/c Dr. To Bank A/c (Purchased computer by paying ₹2,00,000 from own source and the balance out of loan taken)		8,00,000	8,00,000
1 st April	Electricity Board A/c Dr. TSNL A/c Dr. To Bank A/c (Security deposit with electricity board and TSNL)		2,000 2,00,000	2,20,000
1 st April	Furniture and Fixture A/c Dr. To Bank A/c (Computer cafe purchased)		50,000	50,000
1 st April	Advertisement A/c Dr. To Bank A/c (Payment made for advertisement by cheque)		4,500	4,500
2021				

31 st March	Bank A/c Dr. To Revenue from Fees and Sales A/c (Total amount received i.e., 5,60,000 + 2,40,000 + 1,96,000)	9,96,000	9,96,000
31 st March	Purchases A/c Dr. To Bank A/c (Computer stationery Purchase)	1,10,000	1,10,000
31 st March	Telephone Charges A/c Dr. Petty Expenses A/c Dr. Entertainment Expenses A/c Dr. Miscellaneous Expenses A/c Dr. Wages A/c Dr. To Bank A/c (Expenses paid)	68,000 24,000 20,000 20,000 12,000	1,44,000
31 st March	Drawings A/c Dr. To Bank A/c (Amount withdrawn for personal use)	1,44,000	1,44,000
31 st March	Interest on Bank Loan A/c Dr. To Bank Loan A/c (Interest on bank loan due)	60,000	60,000
31 st March	Bank Loan A/c Dr. To Bank A/c (First installment of bank loan paid)	2,60,000	2,60,000
31 st March	Depreciation A/c Dr. To Computers A/c To Furniture and Fixture A/c To Building A/c (Depreciation charged)	2,15,000	2,00,000 5,000 10,000
31 st March	Electricity Charges A/c Dr. To Electricity Charges Payable A/c (Electricity charges payable)	2,48,000	2,48,000

31 st March				
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Ledger of Shekhar Cash A/c

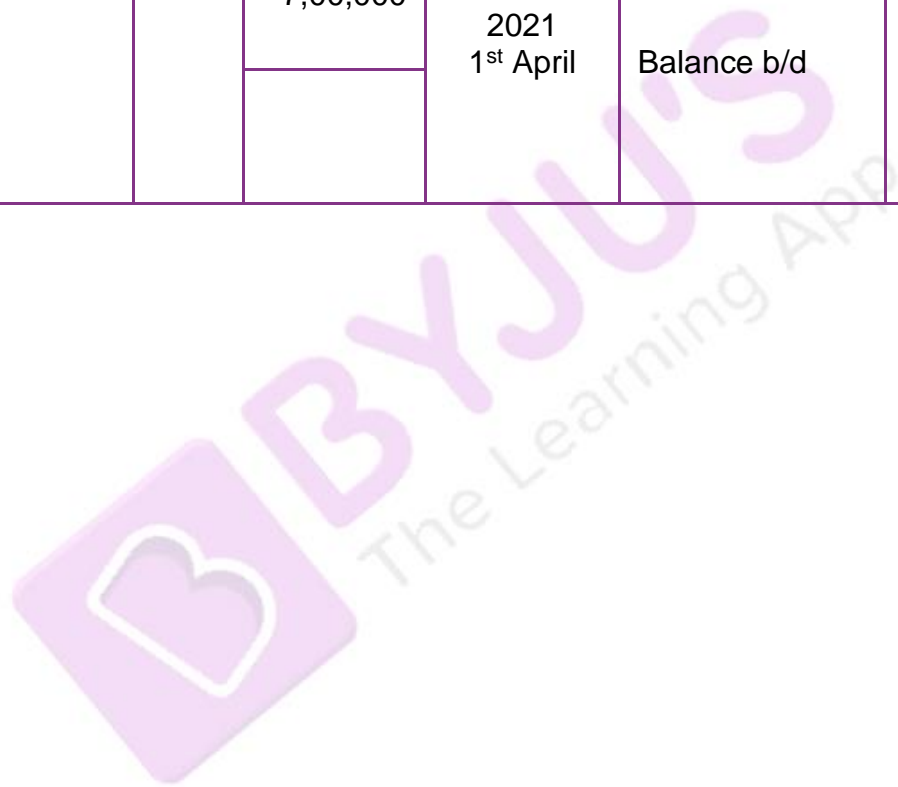
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2020 1 st April	Capital A/c		5,00,000	2020 1 st April	Bank A/c		4,80,000
				2021 31 st March	Balance c/d		20,000
2021 1 st April	Balance b/d		5,00,000				5,00,000
			20,000				

Building A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2020 1 st April	Capital A/c		2,00,000	2021 31 st March	Depreciation A/c		10,000
				31 st March	Balance c/d		1,90,000
2021 1 st April	Balance b/d		2,00,000				2,00,000
			1,90,000				

Capital A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Balance c/d		7,00,000	2020 1 st April 1 st April	Building A/c Cash A/c		2,00,000
			5,00,000				
			7,00,000	2021 1 st April	Balance b/d		7,00,000
7,00,000	7,00,000						

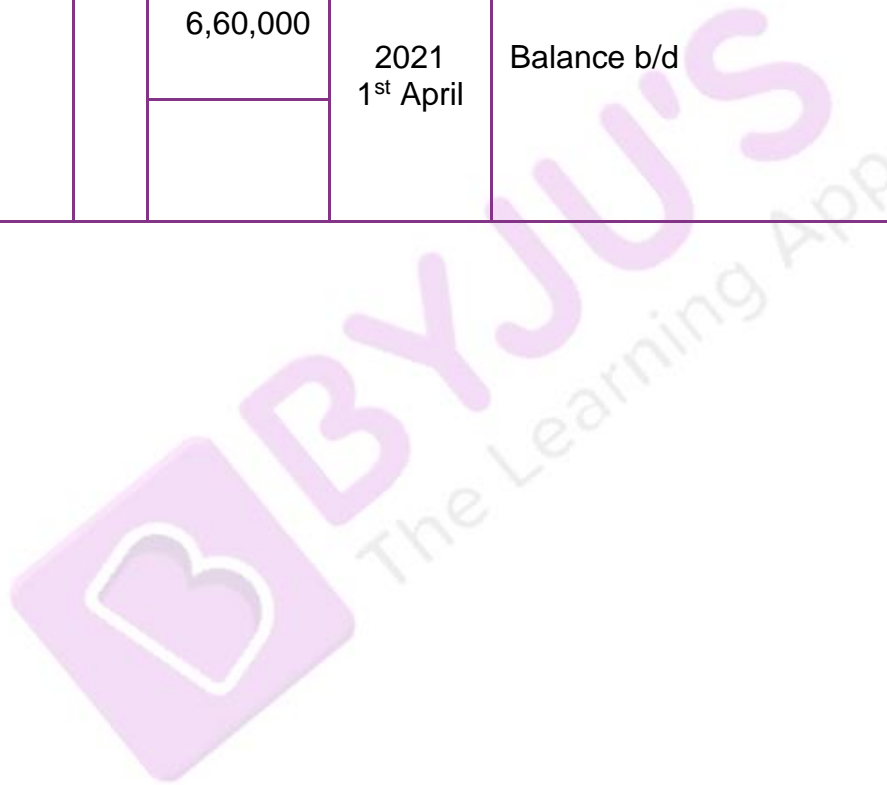


Bank A/c

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2020 1 st April	Cash A/c		4,80,000	2020 1 st April	Computer A/c		8,00,000
1 st April	Bank loan A/c		6,00,000	1 st April	Electricity Board A/c		2,000
2021 31 st Mar.	Revenue from fees and sales A/c		9,96,000	1 st April	TSNL A/c		2,00,000
				1 st April	Furniture and Fixture A/c		50,000
				1 st April	Advertisement A/c		9,000
				2021 31 st Mar.	Purchases A/c		1,10,000
				31 st Mar.	Telephone Exp. A/c		68,000
				31 st Mar.	Petty Exp. A/c		24,000
				31 st Mar.	Entertainment Exp. A/c		20,000
				31 st Mar.	Miscellaneous Exp. A/c		20,000
				31 st Mar.	Wages A/c		12,000
				31 st Mar.	Drawings A/c		1,44,000
				31 st Mar.	Bank loan A/c		2,60,000
				31 st Mar.	Balance c/d		3,57,000
			20,76,000				20,76,000
2021 April 01	Balance b/d		3,57,000				

Bank Loan A/c

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2021 31 st Mar. 31 st Mar.	Bank A/c Balance c/d		2,60,000	2020 1 st April 2021 31 st Mar.	Bank A/c		6,00,000
			4,00,000			Interest on bank loan A/c	60,000
			6,60,000	Balance b/d	6,60,000		
				2021 1 st April			4,00,000



Computers A/c

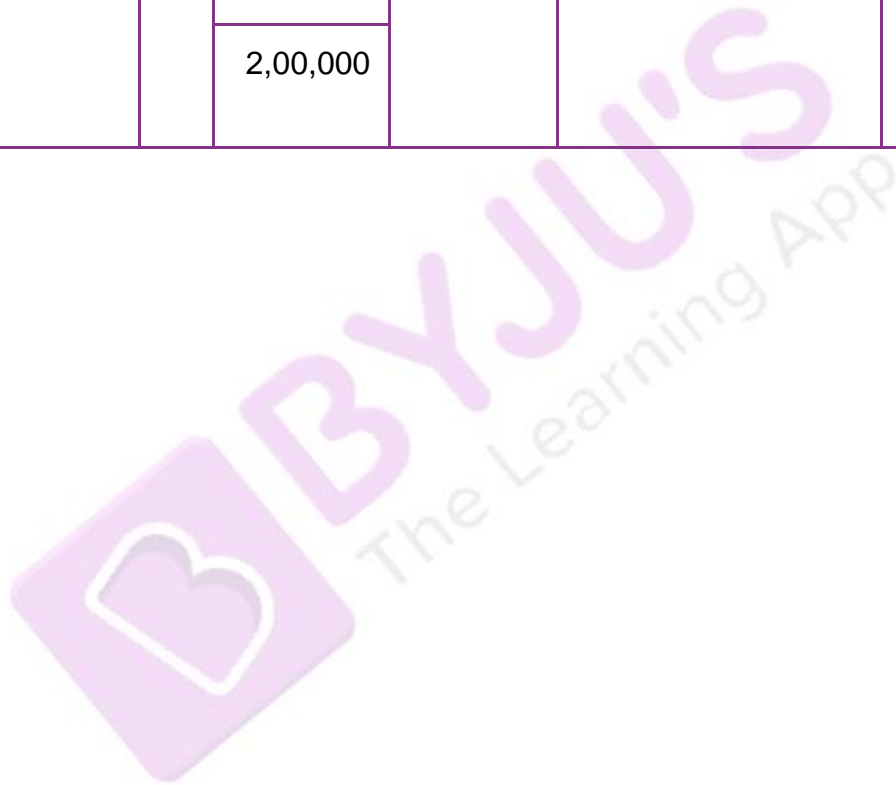
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2020 1 st April	Bank A/c		8,00,000	2021 31 st Mar. 31 st Mar.	Depreciation A/c Balance c/d		2,00,000 6,00,000
2021 1 st April	Balance c/d		8,00,000			8,00,000	
			6,00,000				

Electricity Board A/c

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J · F ·	Amount (₹)
2020 1 st April	Bank A/c		2,000	2021 31 st Mar.	Balance c/d		2,000
2021 1 st April	Balance b/d		2,000			2,000	
			2,000				

TSNL A/c

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2020 1 st April	Bank A/c		2,00,000	2021 31 st Mar.	Balance c/d		2,00,000
2021 1 st April	Balance b/d		2,00,000				2,00,000
			2,00,000				



Furniture and Fixture A/c

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2020 1 st April	Bank A/c		50,000	2021 31 st Mar. 31 st Mar.	Depreciation A/c Balance c/d		5,000 45,000
2021 1 st April	Balance b/d		50,000				50,000
			45,000				

Advertisement A/c

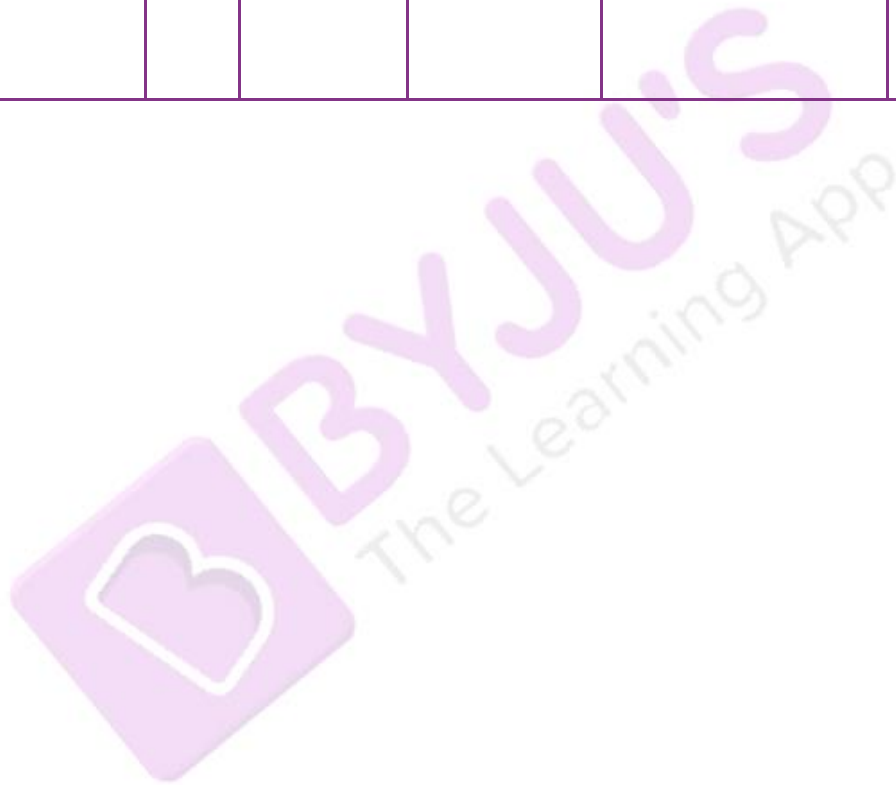
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J.F .	Amount (₹)
2020 1 st April	Bank A/c		9,000	2021 31 st Mar.	Profit and Loss A/c		9,000
			9,000				9,000

Purchases A/c

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J.F .	Amount (₹)
2020 1 st April	Bank A/c		1,10,000	2021 31 st Mar.	Trading A/c		1,10,000
			1,10,000				1,10,000

Telephone Charges A/c

Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)
2021 31 st March	Bank A/c		68,000	2021 31 st March	Profit and Loss A/c		68,000
			68,000				68,000



Petty Expenses A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Bank A/c		24,000	2021 31 st March	Profit and Loss A/c		24,000
			24,000				24,000

Entertainment Expenses A/c

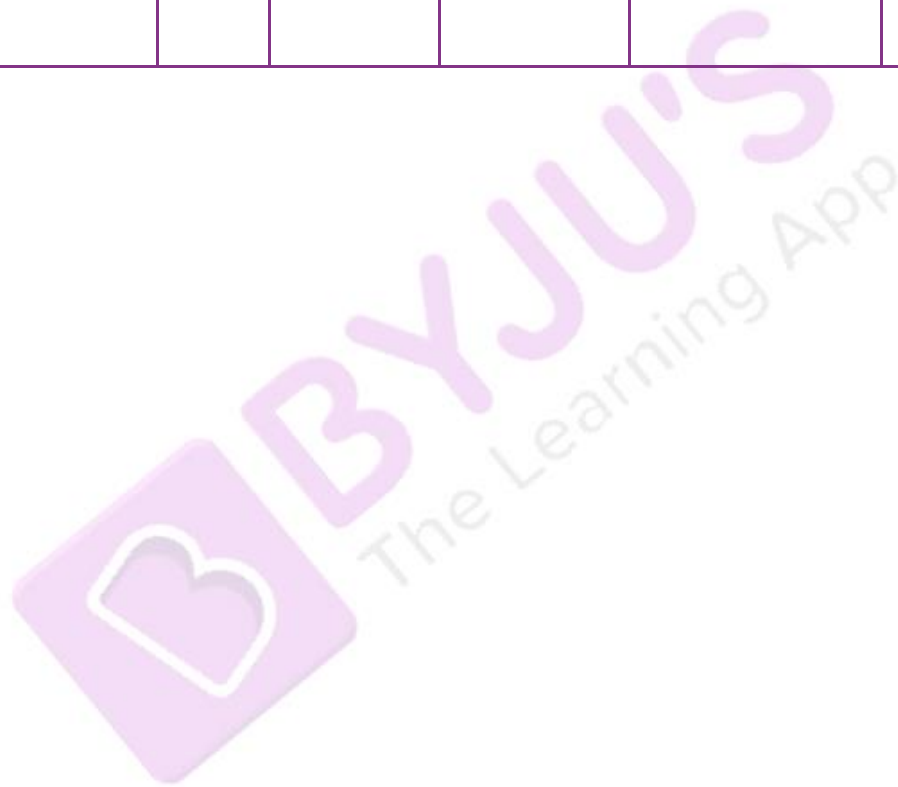
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Bank A/c		20,000	2021 31 st March	Profit and Loss A/c		20,000
			20,000				20,000

Miscellaneous Expenses A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Bank A/c		20,000	2021 31 st March	Profit and Loss A/c		20,000
			20,000				20,000

Wages A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Bank A/c		12,000	2021 31 st March	Trading A/c		12,000
			12,000				12,000



Drawings A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Bank A/c		1,44,000	2021 31 st March	Balance c/d		1,44,000
			1,44,000				1,44,000
2021 April 1	Balance b/d		1,44,000				

Interest on Bank Loan A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Bank Loan A/c		60,000	2021 31 st March	Profit and Loss A/c		60,000
			60,000				60,000

Depreciation A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Computer A/c		2,00,000	2021 31 st March	Profit and Loss A/c		2,15,000
31 st March	Furniture and Fixture A/c		5,000				
31 st March	Building A/c		10,000				
			2,15,000				

Electricity Charges A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Electricity Charge Payable A/c		2,48,000	2021 31 st March	Profit and Loss A/c		2,48,000
			2,48,000				2,48,000

Electricity Charges Payable A/c

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2021 31 st Mar.	Balance c/d		2,48,000	2021 31 st Mar.	Electricity Charges A/c		2,48,000
			2,48,000				2,48,000
					2021 1 st April	Balance b/d	

Revenue from Fees and Sales A/c

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2021 31 st March	Trading A/c		9,96,000	2021 31 st March	Bank A/c		9,96,000
			9,96,000				9,96,000

Trial Balance as on 31st March, 2021

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Cash A/c	20,000	Capital A/c	7,00,000
Building A/c	1,90,000	Bank Loan A/c	4,00,000
Bank A/c	3,57,000	Electricity Charges Payable	2,48,000
Computers A/c	6,00,000	A/c	
Electricity Board A/c	2,000	Revenue from Fees and	9,96,000
TSNL A/c	2,00,000	Sales A/c	
Furniture and Fixture A/c	45,000		
Advertisement A/c	9,000		
Purchases A/c	1,10,000		
Telephone Charges A/c	68,000		
Petty Expenses A/c	24,000		
Entertainment Expenses A/c	20,000		
Miscellaneous Expenses A/c	20,000		
Wages A/c	12,000		
Drawings A/c	1,44,000		
Interest on Bank Loan A/c	60,000		
Depreciation A/c	2,15,000		
Electricity Charges A/c	2,48,000		
	23,44,000		23,44,000

Trading Account and Profit & Loss Account for the year ended 31st March, 2021

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Purchases A/c	1,10,000	Revenue from Fees and Sales A/c	9,96,000
Wages A/c	12,000		
Gross Profit A/c	8,74,000		
	9,96,000		9,96,000
Advertisement A/c		Gross Profit A/c	
Electricity Charges A/c	9,000		8,74,000
Telephone Charges A/c	2,48,000		
Petty Expenses A/c	68,000		
Entertainment Expenses A/c	24,000		
Miscellaneous Expenses A/c	20,000		
Interest on Bank Loan A/c	20,000		
Depreciation A/c:	60,000		
Computer			
Building	2,00,000		
Furniture and Fixture	.10,000		
Net Profit transferred to Capital A/c	5,000		
	2,10,000		
	8,74,000		8,74,000

Balance Sheet as on 31st March, 2021

Capital and Liabilities	Amount (₹)	Assets	Amount (₹)
Bank Loan	4,00,000	Cash in Hand	20,000
Electricity Charges Payable	2,48,000	Bank	3,57,000
Capital	7,00,000	TSNL	2,00,000
Less: Drawings	<u>(1,44,000)</u>	Electricity Board	2,000
	5,56,000	Computer	6,00,000
Add: Net Profit	<u>2,10,000</u>	Building	1,90,000
	7,66,000	Furniture and Fixture	45,000
	<hr/>		
	14,14,000		14,14,000

Calculation of Profitability Ratio:

- (a) Gross Profit Ratio = $\frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$
= $\frac{8,74,000}{9,96,000} \times 100$
= 87.75%
- (b) Net Profit Ratio = $\frac{\text{Net Profit}}{\text{Net Sales}} \times 100$
= $\frac{2,10,000}{9,96,000} \times 100$
= 21.08%

Note: Efficiency of business is quite satisfactory because net profit ratio and gross profit ratio are higher than the normal rate for similar types of business organisation.

Granting Bank Loan:

Bank will see the following ratio before granting the loan:

- (a) Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
= $\frac{\text{Cash} + \text{Bank}}{\text{Electricity Payable} + \text{Bank Loan}}$
= $\frac{20,000 + 3,57,000}{2,48,000 + 4,00,000}$
= $\frac{3,77,000}{6,48,000}$
= 0.58: 1
- (b) Quick ratio will be the same as the current ratio because there is neither closing stock nor prepaid expense.
- (c) Debt Equity Ratio = $\frac{\text{Debt}}{\text{Equity}}$
= $\frac{4,00,000}{7,66,000}$
= 0.52 : 1

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

