

**Victory comes from the LORD** Proverbs 21:31

## **12<sup>th</sup> Accountancy**

### **Student Activity – Chapter 1 to 10**

#### **Chapter 1**

##### **Student Activity 1.1**

**Page No. 2**

To track sales, expenses and profit Cash a/c, Debtors a/c will be prepared.

##### **Student Activity 1.2**

**Page No. 3**

Two reasons for the need of additional capital

- a) For the expansion of business
- b) To acquire additional capital assets

##### **To Explore:**

**Page No 38**

Yes it is possible to prepare the Profit & loss, Balance Sheet from incomplete records with help of Conversion Method.

According to this method, first opening Statement of Affairs is to be prepared to ascertain Opening Capital

Next missing figures must be found out by preparing Cash a/c to find Cash Sales, Cash Purchases, Creditors a/c and Debtors a/c to find credit purchases & credit sales, Bills Receivable a/c & Bills Payable a/c to find bills receivable received and bills payable accepted.

The final step is to prepare trading & profit & loss a/c and balance sheet.

#### **Chapter 2**

##### **Student Activity 2.1**

### Procedure to start drama club

- An adult is needed to mentor the club.
- Defining visions and goals for a drama club.
- Recruiting the members
- Establishing leadership
- Creating a budget
- Developing a schedule
- Holding auditions
- Rehearsal and preparation
- Promoting the club

### Student Activity 2.2

Page No. 41

The various books maintained by not for profit organisation.

- Cash book – To keep track of the receipts and payments.
- Ledger Accounts – all the assets, incomes, expenses and liabilities are duly recorded which would help in preparing the financial statements at the year end.
- Stock Register – This records the stock received and issued during the year.
- Fixed Asset Register – This records the fixed assets available with the organisation.

### Student Activity 2.3

Page No. 43

Difference between Capital and Revenue Items

Capital	Revenue Items
---------	---------------

1.It gives benefit for more than one accounting period	Its' benefits expires in the same accounting period
2.It is non-recurring in nature	It's recurring in nature

**Student Activity 2.4****Page No. 50****Expenses relevant for a Music Club**

- 1.Purchasing Music Instruments
- 2.Transport Expenses
- 3.Musical Dress
- 4.Dance Accessories
- 5.Rent (Music Club)

**To Explore****Page No. 80****Yes, By using Membership Software**

Membership Software is a Computer Software which provides Association Clubs and other Membership Organisation with a functionality they require to provide their services to their members. There are free management software system available.

**Chapter 3****Student Activity 3.1****Page No. 82**

Yes it is possible the sole trader could form a partnership with his friend where both the parties share ownership and control of the business. In this scenario, they would need to draft a partnership agreement outlining each partner's right, responsibilities, and the division of profits and losses.

**Student Activity 3.2****Page No. 84**

Raja and Ravi should talk and try to find a solution.

If that does not work, they can get the mediator to help or they can consult a lawyer for advice.

In the future they should write down their partnership agreement to avoid such issues.

### **To Explore**

**Page No. 118**

Good will is the value of a firm's reputation and its good brand name in the market.

It is valued in terms of Money.

Good will is considered as an intangible asset of a business.

### **Chapter 4**

**Page No. 120**

#### **Student Activity 4.1**

Ravi is charging for good will of the business. Along with inventory he is also transferring good will to his friend Raja. Ravi's Business has earned reputation.

#### **Student Activity 4.2**

Factors that have contributed to the firm's goodwill.

- Favourable Location of the business
- Good quality of goods and services offered
- Tenure of the business enterprise
- Good relations with the customers
- Fair Price
- Good Employee relations

### **To Explore**

**Page No. 136**

The partnership firm can expand its business while addressing the need for additional managerial skills and finance by collaborating with skilled managers and securing external financing can provide the firm with resources and expertise needed to capitalise on growth opportunities and achieve its expansion goals.

## Chapter 5.

### Student Activity 5.1

Page No. 138

The consent is put in writing by signing an agreement which is called as 'Deed of Admission'. The deed of admission must contain the terms regularly contained in Partnership Deed along with the terms of Introduction on new partner. It may specifically contain the details of capital, introduced by new partner, the new profit and loss sharing ratio, new terms of payment of remuneration to the partners and other terms and conditions laying down rights and duties of partners, etc.

### Student Activity 5.3

Page No. 181

Sr.No.	Assets/ Liabilities	Increase	Decrease	Debit Revaluation A/c	Credit Revaluation A/c
1	Asset	✓			✓
2	Asset		✓	✓	
3	Liability		✓		✓
4	Asset		✓	✓	
5	Liability	✓		✓	
6	Asset	✓			✓
7	Liability	✓		✓	
8	Liability	✓		✓	
9	Asset	✓			✓
10	Asset	✓			✓

Write Increase or Decrease in the appropriate box

Revaluation A/c	Debit	Credit
Asset	Decrease	Increase
Liability	Increase	Decrease

### To Explore

Page No. 182

It is not compulsory for a partner to continue in the business forever.

If the partnership is formed at will, by giving notice, in writing to all the other partners of the firm, of his intention to leave.

The remaining partners can still carry on the business as before but the old partnership is dissolved and a new one has to be formed.

### Chapter 6

#### Student Activity 6.1

Page no. 184

Reasons for a partner for leaving a partnership firm.

Maybe illness, old age, better opportunity elsewhere.

#### Student Activity 6.2

Page No. 190

- The value of Land increased by Rs. 50,000/-
- Creditors revalue from Rs. 2000 to 1800 as discount can be availed from creditors.
- The value of inventory increased by Rs. 500
- Investment of Rs. 25,000 not recorded in the books, is to be recorded now.

#### Student Activity 6.3

Page No. 200

It will have in the books of accounts as 'retired partners loan a/c'

**To Explore**

**Page No. 224**

Once the partners decide to close down the partnership firm, all the debts and payables needs to be cleared.

If the firm holds any assets, they can be sold and the sale can be divided among the partners.

Bank Accounts of the firm needs to be closed.

**Chapter 7**

**Student Activity 7.1**

**Page No. 226**

The Word Limited is found in common.

The Word Limited means the amount of liability undertaken by the company shareholders are limited to their share in the company, by way of investments or commitments.

**Student Activity 7.2**

**Page No. 228**

Identify the company's registered capital, issued capital, subscribed capital and called up capital.

Also find out the number of shares, the company had issued.

**Ans.:**

Authorised Capital : Rs. 5,00,000

Issued Capital : Rs. 3,50,000

Subscribed Capital : Rs. 3,00,000

Called up Capital : Rs. 2,00,000

Number of Shares Issued : 35,000

**To Explore :**

**Page No. 262**

Financial statements are the medium by which a company discloses information concerning its financial performance, financial position, cash flows and changes in equity.

So the investors can make decisions by reviewing the financial statements of the company.

## **Chapter 8**

### **Student Activity 8.1**

**Page No. 266**

- Financial Statements preparation include the balance sheet, income statement, statement of cash flow and statement of stock holders equity.
- Statement of Profit and Loss (Part ii of schedule III) and Balance sheet (Part i of schedule III)

### **Student Activity 8.2**

**Page No. 272**

- Increase in Sales
- Improving gross profit by either increasing price or reducing input costs
- Reducing overhead expenses by improving efficiency

### **To Explore**

**Page No. 292**

Yes it is possible and often beneficial to combine numerous figures in financial statements under common heads for analysis purposes. This process, known as Financial Statement Analysis, involves organising and aggregating data to gain insights into company's financial performance, positions and potentials.

## **Chapter 9**

### **Student Activity 9.1**

**Page No. 294**



It is difficult to determine if this is high profit. For some small businesses, this might be considered a decent profit. More information about expenses, industry, benchmarks and the individuals' goals would be needed to make a correct comprehensive assessment.

### **Student Activity 9.3**

**Page No. 317**

Case i – A Departmental Store net profit margin has decreased, compared to last year's margin.

Ans. : It could lead to Financial Difficulties for the stores, affecting its ability to pay bills, invest in growth opportunities or even meet debt obligations.

Case ii- A trader has been allowed 30 days to pay to his suppliers, but he takes 45 days. What are the consequences ?

Ans. :

Delaying payments can strain relationship with the suppliers, potentially leading to distrust or even refusal to extend credit in the future.

Case iii- Debt Collection period has been increasing. What are the consequences ?

Ans. :

The longer debt collection period can hinder the company's ability to meet its own financial obligations.

The higher the risk of non-payment can result in bad debts, that negatively impact the company's profitability and financial health.

### **To Explore**

**Page No. 326**

When dealing with large amounts of data, calculating ratios manually can indeed become challenging and time consuming. So Accounting or Financial Software that can automatically calculate ratio based on the data inputted can be used.

## **Chapter 10**

### **Student Activity 10.1**

**Page No. 328**

**Automated Accounting Systems offer big businesses a powerful tool for managing financial operation, more efficiently, accurately and effectively.**

**Prepared by Mrs. Prema Samuel, MCC Matr. Hr. Sec. School,  
Chennai**

MCC MATR HR SEC SCHOOL  
CHENNAI  
WWW.PADASALAI.NET