

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.