

## 19. ACCOUNTANCY (Code No. 055)

### Rationale

The course in Accountancy is introduced at +2 stage of Senior Secondary education, as formal commerce education is provided after first ten years of schooling. With the fast changing economic scenario and business environment in a state of continuous flux, elementary business education along with accountancy as the language of business and as a source of financial information has carved out a place for itself at the Senior School stage. Its syllabus content should give students a firm foundation in basic accounting principles and methodology and also acquaint them with the changes taking place in the presentation and analysis of accounting information, keeping in view the development of accounting standards and use of computers.

Against this background, the course puts emphasis on developing basic understanding about the nature and purpose of the accounting information and its use in the conduct of business operations. This would help to develop among students logical reasoning, careful analysis and considered judgement. Accounting as an information system aids in providing financial information. The emphasis at Class XI is placed on basic concepts and process of accounting leading to the preparation of accounts for a sole proprietorship firm. Computerized accounting is becoming popular with the increasing use of computers in business. Keeping this in view, the students are exposed compulsorily to the basic knowledge about computers and its use in accounting in the same year.

In class XII, Accounting for Partnership Firms and Companies are to be taught as a compulsory part. Students will also be given an opportunity to understand further about Computerized Accounting System, as an optional course to Analysis of Financial Statements.

### Objectives:

- to familiarize the students with accounting as an information system;
- to acquaint the students with basic concepts of accounting and accounting standards;
- to develop the skills of using accounting equation in processing business transactions;
- to develop an understanding about recording of business transactions and preparation of financial statements;
- to enable the students with accounting for reconstitution and dissolution of partnership firms;
- to enable the students to understand and analyse the financial statements; and
- to familiarize students with the fundamentals of computerized system of accounting.

### Accountancy (Code No.055)

#### Course Structure

#### Class-XI (2016-17)

One Paper

Theory: 90 Marks

3 Hours

Units	Periods	Marks
<b>Part A: Financial Accounting-1</b>		
Unit-1: Theoretical Framework	25	15
Unit-2: Accounting Process	95	35
	<b>120</b>	<b>50</b>
<b>Part B: Financial Accounting-II</b>		
Unit-3: Financial Statements of Sole Proprietorship from Complete and Incomplete Records	40	15
Unit-4: Financial Statements of Not-for-Profit Organizations	30	15
Unit-5: Computers in Accounting	20	10
	<b>90</b>	<b>40</b>
<b>Part C: Project Work</b>	<b>30</b>	<b>10</b>

**SYLLABUS: CLASS-XI  
ACCOUNTANCY**

**PART A: FINANCIAL ACCOUNTING - I**

**50 Marks**

**Unit-1: Theoretical Frame Work**

**25 Periods**

Units/ Topics	Learning Outcomes
<p><b>Introduction to Accounting</b>                      <b>11 Periods</b></p> <ul style="list-style-type: none"> <li>Accounting- concept, objectives, advantages and limitations, types of accounting information; users of accounting information and their needs.</li> <li>Basic accounting terms: business transaction, account, capital, drawings, liabilities (non-current and current); assets (non-current and current) fixed assets (tangible and intangible assets), receipts (capital and revenue), expenditure (capital, revenue and deferred), expense, income, profits, gains and losses, purchases, purchases returns, sales, sales returns, goods, stock, inventory, trade receivables (debtors and bills receivable), trade payables (creditors and bills payable), cost, vouchers, discount - trade and cash.</li> </ul> <p><b>Theory Base of Accounting</b>                      <b>14 Periods</b></p> <ul style="list-style-type: none"> <li>Fundamental accounting assumptions: going concern, consistency and accrual.</li> <li>Accounting principles: accounting entity, money measurement, accounting period, full disclosure, materiality, prudence, cost concept, matching concept and dual aspect.</li> <li>Accounting Standards and IFRS (International Financial Reporting Standards): concept and objectives</li> <li>Double entry system of accounting.</li> <li>Bases of accounting - cash basis and accrual basis.</li> </ul>	<p><b>After going through this unit, the students will be able to:</b></p> <ul style="list-style-type: none"> <li>describe the meaning, significance, objectives, advantages and limitations of accounting in the modern economic environment with varied types of business and non-business economic entities.</li> <li>identify / recognise the individual(s) and entities that use accounting information for serving their needs of decision making.</li> <li>explain the various terms used in accounting and differentiate between different related terms like current and non-current, capital and revenue.</li> <li>give examples of terms like business transaction, liabilities, assets, receipts, expenditure and purchases.</li> <li>explain that sales/purchases include both cash and credit sales/purchases relating to the accounting year.</li> <li>differentiate among income, profits and gains.</li> <li>state the meaning of fundamental accounting assumptions and their relevance in accounting.</li> <li>describe the meaning of accounting principles and the situation in which a principle is applied during the accounting process.</li> <li>explain the meaning and objectives of accounting standards.</li> <li>appreciate that various accounting standards developed nationally and globally are in practice for bringing parity in the accounting treatment of different items.</li> <li>acknowledge the fact that recording of accounting transactions follows double entry system.</li> <li>explain the bases of recording accounting transaction and to appreciate that accrual basis is a better basis for depicting the correct financial position of an enterprise.</li> </ul>

**Unit-2: Accounting Process**

**95 Periods**

Units/Topics	Learning Outcomes
<p><b>Recording of Transactions</b>                      <b>23 Periods</b></p> <ul style="list-style-type: none"> <li>Accounting equation: analysis of transactions using accounting equation.</li> <li>Rules of debit and credit: for assets, liabilities, capital, revenue and expenses.</li> <li>Origin of transactions- source documents/ supporting vouchers (invoice, cash memo, pay in slip, cheque), debit note, credit note, preparation of accounting vouchers - cash (debit and credit) and non cash (transfer).</li> </ul>	<p><b>After going through this Unit, the students will be able to:</b></p> <ul style="list-style-type: none"> <li>explain the concept of accounting equation and appreciate that every transaction affects either both the sides of the equation or a positive effect on one item and a negative effect on another item on the same side of accounting equation.</li> <li>explain the effect of a transaction (increase or decrease) on the concerned asset, liability, capital, revenue and expense.</li> </ul>

<ul style="list-style-type: none"> <li>Books of original entry: format and recording - Journal.</li> <li>Cash book: simple cash book and cash book with bank column petty cash book.</li> <li>Other books: purchases book, sales book, purchases returns book, sales returns book and journal proper.</li> </ul> <p><b>Preparation of Bank Reconciliation Statement, Ledger and Trial Balance 23 Periods</b></p> <ul style="list-style-type: none"> <li>Bank reconciliation statement- concept, calculating bank balance at an accounting date: need and preparation. Corrected cash book balance.</li> <li>Ledger - format, posting from journal, cash book and other special purpose books, balancing of accounts.</li> <li>Trial balance: objectives and preparation (<b>Scope: Trial balance with balance method only</b>)</li> </ul> <p><b>Depreciation, Provisions and Reserves. 16 Periods</b></p> <ul style="list-style-type: none"> <li>Depreciation: concept, need and factors affecting depreciation; methods of computation of depreciation: straight line method, written down value method (excluding change in method)</li> <li>Accounting treatment of depreciation: by charging to asset account, by creating provision for depreciation/ accumulated depreciation account, treatment of disposal of asset.</li> <li>Provisions and reserves: concept, objectives and difference between provisions and reserves; types of reserves- revenue reserve, capital reserve, general reserve and specific reserves.</li> </ul> <p><b>Accounting for Bills of Exchange. 16 Periods</b></p> <ul style="list-style-type: none"> <li>Bills of exchange and promissory note: definition, features, parties, specimen and distinction.</li> <li>Important terms : term of bill, due date, days of grace, date of maturity, discounting of bill, endorsement of bill, bill sent for collection, dishonor of bill, noting of bill, retirement and renewal of a bill.</li> <li>Accounting treatment of bill transactions.</li> </ul> <p><b>Rectification of Errors 17 Periods</b></p> <ul style="list-style-type: none"> <li>Errors: types-errors of omission, commission, principles, and compensating; their effect on Trial Balance.</li> <li>Detection and rectification of errors; preparation of suspense account.</li> </ul>	<ul style="list-style-type: none"> <li>appreciate that on the basis of source documents, accounting vouchers are prepared for recording transaction in the books of accounts.</li> <li>develop the understanding of recording of transactions in journal.</li> <li>explain the purpose of maintaining a Cash Book and develop the skill of preparing the format of different types of cash books and the method of recording cash transactions in Cash book.</li> <li>describe the method of recording transactions other than cash transactions as per their nature in different subsidiary books.</li> <li>appreciate that at times bank balance as indicated by cash book is different from the bank balance as shown by the pass book / bank statement and to reconcile both the balances, bank reconciliation statement is prepared.</li> <li>develop understanding of preparing bank reconciliation statement.</li> <li>appreciate that for ascertaining the position of individual accounts, transactions are posted from subsidiary books and journal proper into the concerned accounts in the ledger and develop the skill of ledger posting.</li> <li>state the need and objectives of preparing trial balance and develop the skill of preparing trial balance.</li> <li>explain the necessity of providing depreciation and develop the skill of using different methods for computing depreciation.</li> <li>understand the accounting treatment of providing depreciation directly to the concerned asset account or by creating provision for depreciation account.</li> <li>appreciate the method of asset disposal through the concerned asset account or by preparing asset disposal account.</li> <li>appreciate the need for creating reserves and also making provisions for events which may belong to the current year but may happen in next year.</li> <li>appreciate the difference between reserve and reserve fund.</li> <li>acquire the knowledge of using bills of exchange and promissory notes for financing business transactions;</li> <li>understand the meaning and distinctive features of these instruments and develop the skills of their preparation.</li> <li>state the meaning of different terms used in bills of exchange and their implication in accounting.</li> <li>explain the method of recording of bill transactions.</li> <li>appreciate that errors may be committed during the process of accounting.</li> <li>understand the meaning of different types of errors and their effect on trial balance.</li> <li>develop the skill of identification and location of errors and their rectification and preparation of suspense account.</li> </ul>
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**Part B: Financial Accounting - II****40 Marks****Unit 3: Financial Statements of Sole Proprietorship: From Complete and Incomplete Records 40 Periods**

Units/Topics	Learning Outcomes
<ul style="list-style-type: none"> <li>• Financial statements: objective and importance.</li> <li>• Trading and Profit and Loss Account, gross profit, operating profit and net profit.</li> <li>• Balance sheet: need, grouping, marshalling of assets and liabilities.</li> <li>• Adjustments in preparation of financial statements : with respect to closing stock, outstanding expenses, prepaid expenses, accrued income, income received in advance, depreciation, bad debts, provision for doubtful debts, provision for discount on debtors, abnormal loss, goods taken for personal use, goods distributed as free samples and manager’s commission.</li> <li>• Preparation of Trading and Profit and Loss account and Balance Sheet of sole proprietorship.</li> <li>• Incomplete records: uses and limitations.</li> <li>• Ascertainment of profit/loss by statement of affairs method.</li> </ul>	<p><b>After going through this unit, the students will be able to:</b></p> <ul style="list-style-type: none"> <li>• describe the meaning of financial statements and the purpose they serve.</li> <li>• state the meaning of gross profit, operating profit and net profit and develop the skill of preparing trading and profit and loss account.</li> <li>• explain the need for preparing balance sheet.</li> <li>• understand the technique of marshalling of assets and liabilities.</li> <li>• appreciate that there may be certain items other than those shown in trial balance which may need adjustments while preparing financial statements.</li> <li>• develop the knowledge and understanding to do adjustments for items and their presentation in financial statements like depreciation, closing stock, provisions etc.</li> <li>• develop the understanding of preparation of trading and profit and loss account and balance sheet.</li> <li>• state the meaning of incomplete records and their uses and limitations.</li> <li>• develop the skill of computation of profit / loss using the statement of affairs method.</li> </ul>

**Unit 4: Financial Statements of Not-for-Profit Organizations****30 Periods**

Units/Topics	Learning Outcomes
<ul style="list-style-type: none"> <li>• Not-for-profit organizations: concept.</li> <li>• Receipts and Payments Account: features and preparation.</li> <li>• Income and Expenditure Account: features, preparation of income and expenditure account and balance sheet from the given receipts and payments account with additional information.</li> </ul> <p><b>Scope:</b></p> <ul style="list-style-type: none"> <li>(i) <i>Adjustments in a question should not exceed 3 or 4 in number and restricted to subscriptions, consumables and sale of assets / old material.</i></li> <li>(ii) <i>Entrance/ admission fees and general donations are to be treated as revenue receipts.</i></li> <li>(iii) <i>Trading Account of incidental activities is not to be prepared.</i></li> </ul>	<p><b>After going through this unit, the students will be able to:</b></p> <ul style="list-style-type: none"> <li>• state the meaning of a Not-for-profit organisation and its distinction from a profit making entity.</li> <li>• describe the meaning of receipts and payments account, its features and develop the understanding that only cash transactions concerning current, past &amp; future periods whether of revenue or capital nature are recorded in receipts and payments account.</li> <li>• develop the skill of preparing receipts and payments account.</li> <li>• explain the meaning of income and expenditure account and its features.</li> <li>• develop the understanding of preparing income and expenditure account and balance sheet of a not-for-profit organisation with the help of given receipts and payments account and additional information.</li> </ul>

**Unit 5: Computers in Accounting**

20 Periods

Units/Topics	Learning Outcomes
<ul style="list-style-type: none"> <li>• Introduction to computer and accounting information system {AIS}: Introduction to computers (elements, capabilities, limitations of computer system),</li> <li>• Introduction to operating software, utility software and application software. Introduction to accounting information system (AIS) as a part of MIS</li> <li>• Automation of accounting process: meaning</li> <li>• Stages in automation: (a) Accounting process in a computerised environment; comparison between manual accounting process and computerised accounting process, (b) Sourcing of accounting software; kinds of software: readymade software; customised software and tailor-made software; generic considerations before sourcing accounting software (c) creation of account groups and hierarchy (d) generation of reports - trial balance, profit and loss account and balance sheet.</li> </ul> <p><b>Scope:</b></p> <p>(i) <i>The scope of the unit is to understand accounting as an information system for the generation of accounting information and preparation of accounting reports.</i></p> <p>(ii) <i>It is presumed that the working knowledge of any appropriate accounting software will be given to the students to help them learn basic accounting operations on computers. For this, the teachers may refer to Chapter 4 of Class XII NCERT textbook on Computerized Accounting System.</i></p>	<p><b>After going through this unit, the students will be able to:</b></p> <ul style="list-style-type: none"> <li>• state the meaning of components of a computer, capabilities and limitations.</li> <li>• state the meaning of accounting information system.</li> <li>• appreciate the need for use of computers in accounting leading to automation of accounting process for designing accounting reports and MIS.</li> <li>• develop the technique of data exchange with other information systems.</li> <li>• develop the understanding of comparing the manual and computerized accounting process and appreciate the advantages and limitations of automation.</li> <li>• develop the knowledge of different styles of computerized accounting.</li> <li>• explain the understanding of database system and its related concepts in context of accounting system.</li> <li>• describe the meaning of electronic spreadsheet and develop the understanding of using the spreadsheet. develop the skill of preparing graphs, charts and diagrams using electronic spreadsheet.</li> </ul>

**Part C: Project Work (Any One)****10 Marks 30 Periods**

1. Collection of source documents, preparation of vouchers, recording of transactions with the help of vouchers.
2. Preparation of Bank Reconciliation Statement with the given cash book and the pass book with twenty to twenty-five transactions.
3. Comprehensive project starting with journal entries regarding any sole proprietorship business, posting them to the ledger and preparation of Trial balance. The students will then prepare Trading and Profit and Loss Account and Balance Sheet on the basis of the prepared trial balance. Expenses, incomes and profit (loss), assets and liabilities are to be depicted using pie chart / bar diagram.

**COMPREHENSIVE PROJECT**

The student will be allowed to select any business of their choice, Weave it in a story line of all the transactions they must have performed during their year in a fictitious business. Think and draft all the journal entries, post them to the respective ledger, compute a trial balance of the same and add some adjustments and prepare the financial statement of that year.

The project is to run through the chapters and make the process an interesting process for the students and teachers. The amounts should emerge as more realistic and closer to reality.

It is suggested to do this project after completing Final Accounts unit.

### 3. Specific Guidelines for Teachers

Give a list of options to the students to select a business form. You can add to the adjoining list:

- |                         |                               |                          |
|-------------------------|-------------------------------|--------------------------|
| 1. A beauty parlour     | 10. Men's wear                | 19. A coffee shop        |
| 2. Men's saloon         | 11. Ladies wear               | 20. A music shop         |
| 3. A tailoring shop     | 12. Kiddies wear              | 21. A juice shop         |
| 4. A canteen            | 13. A Sareeshop               | 22. A school canteen     |
| 5. A cake shop          | 14. Artificial jewellery shop | 23. An ice cream parlour |
| 6. A confectionery shop | 15. A small restaurant        | 24. A sandwich shop      |
| 7. A chocolate shop     | 16. A sweet shop              | 25. A flower shop        |
| 8. A dry cleaner        | 17. A grocery shop            |                          |
| 9. A stationery shop    | 18. A shoe shop               |                          |

Sanction a capital of 10-15 Lakh amount for the business.

This will help the students to relate to transactions while studying Journal.

After selection, advise the student to see shop in the locality (this will help to settle on a realistic amount for rent). The student would be able to see the things a she needs to invest in (Furniture, decor, lights, machines, computers....)

As he/she has been familiar with the various types of accounts help him to list the accounts with realistic figures (add to the list below)

- |  |   |
|--|---|
| 1. Rent                                      | 18. Hoarding                              |
| 2. Advance rent [approximately three months] | 19. Prayer portion                        |
| 3. Electricity deposit                       | 20. Newspaper and magazines               |
| 4. Electricity bill                          | 21. Petty expenses                        |
| 5. Electricity fitting                       | 22. Tea expenses                          |
| 6. Water bill                                | 23. Packaging expenses                    |
| 7. Water deposit                             | 24. Transport                             |
| 8. Water fittings                            | 25. Delivery cycle or a vehicle purchased |
| 9. Telephone bill                            | 26. Registration                          |
| 10. Telephone deposit                        | 27. Insurance                             |
| 11. Telephone instrument                     | 28. Auditors fee                          |
| 12. Furniture                                | 29. Maintenance                           |
| 13. Computers                                | 30. Repairs                               |
| 14. Internet connection                      | 31. Air conditioners                      |
| 15. Stationery                               | 32. Fans and lights                       |
| 16. Advertisements                           | 33. Interior decorations                  |
| 17. Glow sign                                | 34. Refrigerators                         |

These are a few of the common expenses

Salaries [keep in mind the number of employees, the text teaches them only where these figures go.]

Example.

Salary is an indirect expense hence it goes to Profit and Loss Account.

But here in the practical part they understand the value of these i.e.

Number of people employed, how much salary should be given to them, hence the total month's salary is

Hence the year's salary should be \_\_\_\_\_

The students who have identified their business will surely be motivated and may give you more accounts hence their worksheet should be made after this session

Sales

Purchases

Ask the children to think about the sales figures for the year

Let them share some figures, take four on the board.

And divide by 360 to get an average figure for the sales for the day

This would be a very nice reality check and then accordingly change the annual sales figure.

As the suggestion was given to go for trading, they can take a gross profit of around 25 to 30 percent on sales and derive the purchase price.

Some business of services in nature can have sales and services - a saloon etc

### The tricky part

A Worksheet can be given to them now in the form of a Cash Book statement like.

To Capital : by Salaries  
To Sales : by Rent  
: by Advance  
: by Electricity  
: by Advertisement

- Write all the items of payments on the credit side
- Let them write the figures on their own as realistic as possible
- Discourage a loan
- Let them get a Cash Book balance
- Now ask them to make a trial balance of the Cash Book
- This should be very simple because all debits of Cash Book will go to the credit side of trial balance
- And all credits of Cash Book will go to the debit side of Trial Balance.

Particulars	Dr.	Cr.
Capital		
Cash		
Purchases		
Sales		

- Now ask them to make a trial balance.
- Break up the cash balance into cash in hand, bank balance and an FDR amount.
- Cash in hand need not be more than 2 days of sale (helps to relate liquidity and Profitability).
- Once the trial balance tallies a lot of problems are taken care of.
- Now introduce the following four concepts.
  1. Debtors
  2. Creditors
  3. Purchase Returns
  4. Sales Returns

### A lot of children avoid these as they feel scared of playing with accounts

Interestingly the above can be shown as

1. Debtors- 3,00,000 add Dr side of Trial Balance and increase sales on the Cr side of Trial Balance.
2. Creditors-1,50,000 add Cr side of Trial Balance and increase purchases Dr side of Trial Balance.
3. Purchases returns- add Cr side of trial bal and reduce creditors Cr side of trial bal [same side]
4. Sales returns- add Dr side of trial balance and reduce debtors Dr side of trial balance

### Hence the Trial Balance tallies once again.

Now ask the children to put in adjustments;

They can take any five OR more from the following

1. Closing stock
  - Sweet shop / Cake shop 1-2 days
  - In case of perishable goods around 2-3 days of purchase
  - Fashion items 2 month of purchase
  - Iron or wooden furniture - it can be 5 months also
  - This helps to understand Business Studies 12<sup>th</sup> standard working capital requirement later
2. Depreciation
  - All the fixed assets need to be depreciated
  - Depreciation should be related to their life span e.g. furniture of commercial shop as per the standards today changes in five years hence 20%.
  - Computers obsolete in 3 years hence 33 1\3 %
  - Air Conditioners say 10 years therefore 10 % as the spans are different the rate can also be different as per logic
3. Outstanding expenses: Avoid salaries as in real life they are advances, avoid electricity also, stationery is okay
4. Advances paid - very appropriate for salaries/ insurances,

5. Interest on capital at the rate of x %
6. Bad debt
7. Provision for bad and doubtful debts
8. Items for deferred revenue expenditure
9. Accrued interest on Fixed Deposits.

With the support of the 'Cash book' and the Trial balance (with Creditors, Debtors, Purchase Returns, Sales Returns) without adjustments ask them to prepare:

1. Comprehensive Story
2. Journal Entries
3. Ledger Accounts

The Cash Book and Trial balance is already prepared

The Financial statements can be made after they do the lesson on financial statements.

### Suggested Question Paper Design Accountancy (Code No. 055) Class XI (2016-17) March 2017 Examination

Marks 90

Duration: 3 hrs.

S. No.	Typology of Questions	Very Short Answer 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer I 6 Marks	Long Answer II 8 Marks	Marks	%
1	<b>Remembering</b> - (Knowledge based simple recall questions, to know specific facts, terms, concepts, principles, or theories; identify, define, or recite information)	2	2	1	1	-	18	20%
2	<b>Understanding</b> - (Comprehension - to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)	-	1	1	2	1	27	30%
3	<b>Application</b> - (Use abstract information in concrete situation, to apply knowledge to new situations; Use given content to interpret a situation, provide an example, or solve a problem)	-	-	2	1	1	22	25%
4	<b>Higher Order Thinking Skills-</b> (Analysis & Synthesis- Classify, compare, contrast, or differentiate between different pieces of information; Organize and/or integrate unique pieces of information from a variety of sources)	2	2	1	1	-	18	20%
5	<b>Evaluation</b> - (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)	2	1	-	-	-	5	5%
	<b>TOTAL</b>	<b>6x1=6</b>	<b>6x3=18</b>	<b>5x4=20</b>	<b>5x6=30</b>	<b>2x8=16</b>	<b>90 (24) 100%</b>	<b>100</b>

**Note:** Scheme of options: All questions carrying 8 marks will have internal choice.

**Note:** The Board has introduced Learning Outcomes in the syllabus to motivate students to constantly explore all levels of learning. However these are only indicative. These do not in any way restrict the scope of questions being asked in the examinations. The examination questions will be strictly based on the prescribed question paper design and syllabus.



**Accountancy (Code No. 055)  
Class-XII (2016-17)**

One Paper

Theory: 80 Marks  
3 Hours

Units		Periods	Marks
<b>Part A</b>	<b>Accounting for Partnership Firms and Companies</b>		
	Unit 1. Accounting for Partnership Firms	90	35
	Unit 2. Accounting for Companies	60	25
		<b>150</b>	<b>60</b>
<b>Part B</b>	<b>Financial Statement Analysis</b>		
	Unit 3. Analysis of Financial Statements	30	12
	Unit 4. Cash Flow Statement	20	8
		50	20
<b>Part C</b>	<b>Project Work</b>	<b>40</b>	<b>20</b>
	Project work will include:		
	Project File	4 Marks	
	Written Test	12 Marks (One Hour)	
	Viva Voce	4 Marks	
	<b>OR</b>		
<b>Part B</b>	<b>Computerized Accounting</b>		
	Unit 3. Computerized Accounting	50	20
<b>Part C</b>	<b>Practical Work</b>	<b>26</b>	<b>20</b>
	Practical work will include:		
	Practical File	4 Marks	
	Practical Examination	12 Marks (One Hour)	
	Viva Voce'	4 Marks	

**Part A: Accounting for Partnership Firms and Companies**

**60 Marks 150 Periods**

**Unit 1: Accounting for Partnership Firms**

**90 periods**

Units/Topics	Learning Outcomes
<ul style="list-style-type: none"> <li>Partnership: features, Partnership Deed.</li> <li>Provisions of the Indian Partnership Act 1932 in the absence of partnership deed. Fixed v/s fluctuating capital accounts. Preparation of Profit and Loss Appropriation account- division of profit among partners, guarantee of profits.</li> </ul>	<p><b>After going through this unit, the students will be able to:</b></p> <ul style="list-style-type: none"> <li>state the meaning of partnership, partnership firm and partnership deed.</li> <li>describe the characteristic features of partnership and the contents of partnership deed.</li> </ul>

<ul style="list-style-type: none"> <li>• Past adjustments (relating to interest on capital, interest on drawing, salary and profit sharing ratio).</li> <li>• Goodwill: nature, factors affecting and methods of valuation - average profit, super profit and capitalization.</li> </ul> <p><i>Scope: Interest on partner's loan is to be treated as a charge against profits.</i></p> <p><b>Accounting for Partnership firms - Reconstitution and Dissolution.</b></p> <ul style="list-style-type: none"> <li>• <b>Change in the Profit Sharing Ratio</b> among the existing partners - sacrificing ratio, gaining ratio, accounting for revaluation of assets and reassessment of liabilities and treatment of reserves and accumulated profits. Preparation of revaluation account and balance sheet.</li> <li>• <b>Admission of a partner</b> - effect of admission of a partner on change in the profit sharing ratio, treatment of goodwill (as per AS 26), treatment for revaluation of assets and reassessment of liabilities, treatment of reserves and accumulated profits, adjustment of capital accounts and preparation of balance sheet.</li> <li>• <b>Retirement and death of a partner:</b> effect of retirement / death of a partner on change in profit sharing ratio, treatment of goodwill (as per AS 26), treatment for revaluation of assets and reassessment of liabilities, adjustment of accumulated profits and reserves, adjustment of capital accounts and preparation of balance sheet. Preparation of loan account of the retiring partner. Calculation of deceased partner's share of profit till the date of death. Preparation of deceased partner's capital account, executor's account and preparation of balance sheet.</li> <li>• <b>Dissolution of a partnership firm:</b> types of dissolution of a firm. Settlement of accounts - preparation of realization account, and other related accounts: capital accounts of partners and cash/bank a/c (excluding piecemeal distribution, sale to a company and insolvency of partner(s)).</li> </ul> <p><b>Note:</b></p> <ol style="list-style-type: none"> <li>(i) The realized value of each asset must be given at the time of dissolution.</li> <li>(ii) In case, the realization expenses are borne by a partner, clear indication should be given regarding the payment thereof.</li> </ol>	<p>explain the significance of provision of Partnership Act in the absence of partnership deed.</p> <p>Differentiate between fixed and fluctuating capital, outline the process and develop the understanding of preparation of Profit and Loss Appropriation Account.</p> <ul style="list-style-type: none"> <li>• develop the understanding of preparation profit and loss appropriation account involving guarantee of profits.</li> <li>• develop the understanding of making past adjustments.</li> <li>• state the meaning, nature and factors affecting goodwill</li> <li>• develop the understanding of valuation of goodwill using different methods of valuation of goodwill.</li> <li>• describe the meaning of sacrificing ratio, gaining ratio and the change in profit sharing ratio among existing partners.</li> <li>• develop the understanding of accounting treatment of assets and re-assessment of liabilities and treatment of reserves and accumulated profits by preparing revaluation account and balance sheet.</li> <li>• explain the effect of change in profit sharing ratio on admission of a new partner.</li> <li>• develop the understanding of treatment of goodwill as per AS-26, treatment of revaluation of assets and re-assessment of liabilities, treatment of reserves and accumulated profits, adjustment of capital accounts and preparation of balance sheet of the new firm.</li> <li>• explain the effect of retirement / death of a partner on change in profit sharing ratio.</li> <li>• state the meaning of sacrificing ratio.</li> <li>• develop the understanding of accounting treatment of goodwill, revaluation of assets and re-assessment of liabilities and adjustment of accumulated profits and reserves on retirement / death of a partner and capital adjustment.</li> <li>• develop the skill of calculation of deceased partner's share till the time of his death and prepare deceased partner's executor's account.</li> <li>• discuss the preparation of the capital accounts of the remaining partners and the balance sheet of the firm after retirement / death of a partner.</li> <li>• understand the situations under which a partnership firm can be dissolved.</li> <li>• develop the understanding of preparation of realisation account and other related accounts.</li> </ul>
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Units/Topics	Learning Outcomes
<p><b>Accounting for Share Capital</b></p> <ul style="list-style-type: none"> <li>Share and share capital: nature and types.</li> <li>Accounting for share capital: issue and allotment of equity shares, private placement of shares, Employee Stock Option Plan (ESOP). Public subscription of shares - over subscription and under subscription of shares; issue at par and at premium, calls in advance and arrears (excluding interest), issue of shares for consideration other than cash.</li> <li>Concept of Private Placement.</li> <li>Accounting treatment of forfeiture and re-issue of shares.</li> <li>Disclosure of share capital in company's Balance Sheet.</li> </ul> <p><b>Accounting for Debentures</b></p> <ul style="list-style-type: none"> <li>Debentures: Issue of debentures at par, at a premium and at a discount. Issue of debentures for consideration other than cash; Issue of debentures with terms of redemption; debentures as collateral security-concept, interest on debentures.</li> <li>Redemption of debentures for immediate cancellation: Lump sum, draw of lots, purchase in the open market (excluding ex-interest and cum-interest) and conversion. Creation of Debenture Redemption Reserve.</li> <li>Conversion method.</li> </ul> <p><i>Note: Related sections of the Indian Companies Act, 2013 will apply.</i></p>	<p><b>After going through this unit, the students will be able to:</b></p> <ul style="list-style-type: none"> <li>state the meaning of share and share capital and differentiate between equity shares and preference shares and different types of share capital.</li> <li>understand the meaning of private placement of shares and Employee Stock Option Plan.</li> <li>explain the accounting treatment of share capital transactions regarding issue of shares.</li> <li>develop the understanding of accounting treatment of Employee Stock Option Plan(ESOP), forfeiture and re-issue of forfeited shares.</li> <li>describe the presentation of share capital in the balance sheet of the company as per schedule III part I of the Companies Act 2013.</li> <li>explain the accounting treatment of different categories of transactions related to issue of debentures.</li> <li>Understand the concept of collateral security and its presentation in balance sheet.</li> <li>develop the skill of calculating interest on debentures and its accounting treatment.</li> <li>state the meaning of redemption of debentures.</li> <li>develop the understanding of accounting treatment of transactions related to redemption of debentures by lump sum, draw of lots, purchase in open method and conversion method.</li> </ul>

**Part B: Financial Statement Analysis****20 Marks****Unit 3: Analysis of Financial Statements****30 Periods**

<ul style="list-style-type: none"> <li><b>Financial statements of a company:</b> Statement of Profit and Loss and Balance Sheet in the prescribed form with major headings and sub headings (as per Schedule III to the Companies Act, 2013).</li> </ul> <p><b>Scope:</b> <i>Exceptional items, extraordinary items and profit (loss) from discontinued operations are excluded.</i></p> <ul style="list-style-type: none"> <li><b>Financial Statement Analysis:</b> Objectives, importance and limitations.</li> <li><b>Tools for Financial Statement Analysis:</b> Comparative statements, common size statements, cash flow analysis, ratio analysis.</li> <li><b>Accounting Ratios:</b> Objectives, classification and computation.</li> </ul> <p><b>Liquidity Ratios:</b> Current ratio and Quick ratio.  <b>Solvency Ratios:</b> Debt to Equity Ratio, Total Asset to Debt Ratio, Proprietary Ratio and Interest Coverage Ratio.  <b>Activity Ratios:</b> Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio and Working Capital Turnover Ratio.  <b>Profitability Ratios:</b> Gross Profit Ratio, Operating Ratio, Operating Profit Ratio, Net Profit Ratio and Return on Investment.</p>	<p><b>After going through this unit, the students will be able to:</b></p> <ul style="list-style-type: none"> <li>develop the understanding of major headings and sub-headings (as per Schedule III to the Companies Act, 2013) of balance sheet as per the prescribed norms / formats.</li> <li>state the meaning, objectives and limitations of financial statement analysis.</li> <li>describe the meaning of different tools of 'financial statements analysis'.</li> <li>develop the understanding of preparation of comparative and common size financial statements.</li> <li>know the meaning, objectives and significance of different types of ratios.</li> <li>develop the understanding of computation of current ratio and quick ratio.</li> <li>develop the skill of computation of debt equity ratio, total asset to debt ratio, proprietary ratio and interest coverage ratio.</li> <li>develop the skill of computation of inventory turnover ratio, trade receivables and trade payables ratio and capital turnover ratio.</li> <li>develop the skill of computation of gross profit ratio, operating ratio, operating profit ratio, net profit ratio and return on investment.</li> </ul>
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**Note:** Net Profit Ratio is to be calculated on before and after tax.

**Unit 4: Cash Flow Statement**

20 Periods

<ul style="list-style-type: none"> <li>• Meaning, objectives and preparation (as per AS 3 (Revised) (Indirect Method only)</li> </ul> <p><b>Scope:</b></p> <p>(i) <i>Adjustments relating to depreciation and amortization, profit or loss on sale of assets including investments, dividend (both final and interim) and tax.</i></p> <p>(ii) <i>Bank overdraft and cash credit to be treated as short term borrowings.</i></p> <p>(iii) <i>Current Investments to be taken as Marketable securities unless otherwise specified.</i></p>	<p><b>After going through this unit, the students will be able to:</b></p> <ul style="list-style-type: none"> <li>• state the meaning and objectives of cash flow statement.</li> <li>• develop the understanding of preparation of Cash Flow Statement using indirect method as per AS 3 with given adjustments.</li> </ul>
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**Project Work****20 Marks 40 Periods**

**Note:** Kindly refer to the Guidelines published by the CBSE.  
OR

**Part B: Computerised Accounting****20 Marks 60 Periods****Unit 3: Computerised Accounting****Overview of Computerised Accounting System.**

- Introduction: Application in Accounting.
- Features of Computerised Accounting System.
- Structure of CAS.
- Software Packages: Generic; Specific; Tailored.

**Accounting Application of Electronic Spreadsheet.**

Concept of electronic spreadsheet.

Features offered by electronic spreadsheet.

Application in generating accounting information - bank reconciliation statement; asset accounting; loan repayment of loan schedule, ratio analysis

Data representation- graphs, charts and diagrams.

**Using Computerized Accounting System.**

Steps in installation of CAS, codification and hierarchy of account heads, creation of accounts.

Data: Entry, validation and verification.

Adjusting entries, preparation of balance sheet, profit and loss account with closing entries and opening entries. Need and security features of the system.

**Database Management System (DBMS)**

Concept and Features of DBMS.

DBMS in Business Application.

Generating Accounting Information - Payroll.

**Part C: Practical Work****20 Marks 26 Periods**

Please refer to the guidelines published by CBSE.

**Prescribed Books:**

Financial Accounting -I	Class XI	NCERT Publication
Accountancy -II	Class XI	NCERT Publication
Accountancy -I	Class XII	NCERT Publication
Accountancy -II	Class XII	NCERT Publication

Guidelines for Project Work in Accounting and Practical Work in Computerised Accounting Class XII CBSE Publication

**Suggested Question Paper Design**  
**Accountancy (Code No. 055)**  
**Class XII (2016-17) March 2017 Examination**

One Paper

Theory: 80 Marks

Duration: 3 hrs.

S. No.	Typology of Questions	Very Short Answer 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer I 6 Marks	Long Answer II 8 Marks	Marks	%
1.	<b>Remembering</b> - (Knowledge based Simple recall questions, to know specific facts, terms, concepts, principles, or theories; Identify, define, or recite information)	3	1	1	1	-	16	20%
2.	<b>Understanding</b> - (Comprehension - to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)	2	-	2	1	1	24	30%
3.	<b>Application</b> - (Use abstract information in concrete situation, to apply knowledge to new situations; Use given content to interpret a situation, provide an example, or solve a problem)	-	2	2	1	-	20	25%
4.	<b>Higher Order Thinking Skills-</b> (Analysis & Synthesis- Classify, compare, contrast, or differentiate between different pieces of information; Organize and/or integrate unique pieces of information)	2	-	-	1	1	16	20%
5.	<b>Evaluation</b> - (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)	1	1	-	-	-	04	05%
	<b>TOTAL</b>	<b>8x1=8</b>	<b>4x3=12</b>	<b>5x4=20</b>	<b>4x6=24</b>	<b>2x8=16</b>	<b>80(23) +20 Projec</b>	<b>100 %</b>

*Scheme of options: All questions carrying 8 marks will have an internal choice.*

**Note:** The Board has introduced Learning Outcomes in the syllabus to motivate students to constantly explore all levels of learning. However these are only indicative. These do not in any way restrict the scope of questions asked in the examinations. The examination questions will be strictly based on the prescribed question paper design and syllabus