

19. Accountancy (Code No. 055)

RATIONALE

Business education has undergone a tremendous change in the wake of liberalisation and globalisation. The school education programme does not necessarily provide any kind of formal teaching in business and accountancy, till the tenth standard.

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 has carved out a place for itself at the higher secondary stage. Its syllabus content should give students a firm foundation in basic accounting principles and also keep them informed of changes in its methodology concerning particular aspects of the subject.

Against this background, the thrust of the course has been directed towards developing a basic understanding of the nature and purpose of the accounting information and its role in the conduct of business operations. This would help to develop among students logical reasoning, careful analysis and considered judgement, limited only to the initiation level of the subject.

Accounting as an information system aids in providing financial information concerning performance of business enterprise. The emphasis at Class XI is placed on basic concepts and the process of accounting leading to the preparation of accounts for a sole proprietorship firm. In Class XII, accounting for partnership firms and some other aspects relating to company accounts are to be taught as a compulsory part and analysis of financial statements or computerised accounting as an optional part.

Computerised accounting is becoming more and more popular with increased awareness about use of computers in business. Keeping this in view, the students are exposed to basic knowledge about computers and its use in accounting at Class XI. Students will also be given an opportunity to understand further about computerised accounting in Class XII.

OBJECTIVES

- * To familiarise the students with accounting as an information accounting system.
- * To develop an understanding about recording of transactions through accounting equation approach.
- * To develop the skill of using accounting equation in processing business transactions.
- * To acquaint the students with basic concepts of data base management in the context of accounting information system.
- * To enable the students to analyse and understand the financial statements.
- * To familiarise students with the fundamentals of computerised system of accounting.

CLASS XI

Paper

3 Hours

100 Marks

	PERIODS	MARKS
PART A : FINANCIAL ACCOUNTING I	(Periods 124)	
Unit 1 : Introduction to Accounting	14	7
Unit 2 : Theory Base of Accounting	14	7
Unit 3 : Generation of Vouchers and Recording of Transactions	24	16
Unit 4 : Trial Balance and Rectification of Errors	24	8
Unit 5 : Depreciation, Provisions and Reserves	24	12
Unit 6: Bills of Exchange	24	10
	(Periods 84)	
PART B : FINANCIAL ACCOUNTING II		
Unit 7 : Financial Statements	34	20
Unit 8 : Financial Statement of Non-Profit Organization	26	10
Unit 9 : Computers in Accounting	24	10

CLASS XI

SEMESTER I

FINANCIAL ACCOUNTING-I

(periods 104)

Unit 1 : Introduction to Accounting

(periods 19)

- (a) Accounting - Meaning, Objectives, Types of Accounting Information, Advantages and Limitations.
- (b) Qualitative Characteristics of Accounting Information: Reliability, Relevance, Understandability and Comparability.
- (c) Basic Accounting Terms: Business Transaction, Capital, Drawing, Liability, Asset, Revenue, Expenditure, Expense, Income, Losses and Gains, Purchases, Sales, Stock, Debtors, Receivables, Creditors, Payables..

Unit 2 : Theory Base of Accounting

(periods 14)

- (a) Basic Assumptions: Accounting Entity, Money Measurement: Going Concern, Accounting Period.
- (b) Basic Principles: Duality, Verifiability and Objectivity of Evidence, Historical Cost, Revenue Recognition, Matching, Full Disclosure.

(c) Modifying Principles: Materiality, Consistency, Prudence, Timeliness, Substance over Form, Variations in accounting practices.

(d) Accounting Standards: Meaning, nature and need.

Unit 3 : Generation of Vouchers and Recording of Transactions

(periods 24)

(a) Origin of Transactions - Source Documents and Vouchers, Preparation of Vouchers

(b) Accounting Equation - Meaning and Analysis of transactions using Accounting Equation.

(c) Rules of Debit and Credit: For Assets, for Liabilities, for Capital, for Revenue, and for Expense.

(d) Double Entry Book Keeping, Books of Original Entry, Meaning, Format and Recording of entries; Journal, Special Purpose Books: Meaning, Utility, Format and Recording therein:

(i) Cash Book - Simple Cashbook with Bank column and Petty cashbook.

(ii) Purchase Book, Sales Book, Purchase Returns Book, Sales Returns Book, Bills Receivable Book and Bills Payable Book.

(e) Ledger - Meaning, Utility, Format, Posting from Journal, Cashbook and other Special Purpose Books, Balancing of accounts.

(f) Bank Reconciliation Statement: Meaning, Need and Preparation with amended cash book.

Unit 4 : Trial Balance and Rectification of Errors

(periods 24)

(a) Trial Balance: Meaning, Objectives and Preparation.

(b) Errors: Types of Errors, Errors affecting Trial Balance and Errors not affecting Trial Balance.

(c) Detection and Rectification of Errors, effect on profit and loss A/c .

(d) Suspense Account - Meaning, Utility, Preparation and Treatment of Suspense Account Balance.

Unit 5 : Depreciation, Provisions and Reserves

(periods 24)

(a) Depreciation: Meaning and Need for charging depreciation, Factors affecting depreciation, Methods of depreciation - Straight Line method, Written Down Value Method (excluding change in method), Method of recording depreciation: By charging to asset account, By creating provision for depreciation/accumulated depreciation account. Asset Disposal Account.

(b) Provisions and Reserves: Meaning and Importance, Need for provision for doubtful debts, provision for discount on debtors, Difference between provisions and Reserves.

(c) Types of Reserves: Revenue Reserve, Capital Reserve, General Reserve and Specific Reserve.

Unit 6 : Bills of Exchange

(periods 24)

(a) Bills of Exchange and Promissory Note: Definition, Features, Parties, Specimen, Distinction.

(b) Important Terms: Term of Bill and Days of Grace, Date of Maturity, Bill at Sight, Negotiation, Endorsement, Discounting of bill, Dishonour of bill, Noting of bill, Insolvency of Acceptor, Retirement and Renewal of a bill.

(c) Accounting Treatment of bill transactions.

PART B : FINANCIAL ACCOUNTING-II

(periods 84)

Unit 7 : Financial Statements

(periods 34)

- (a) Financial Statements: Meaning and Users.
- (b) Profit and Loss Account: Gross profit, Operating profit and Net profit.
- (c) Balance Sheet: Need, Grouping, Marshalling of Assets and Liabilities.
- (d) Adjustments in preparation off financial statements with respect to closing stock, outstanding expenses, prepaid expenses, accrued income, income received in advance, depreciation, bad debts, provision for bad debts, provision for discount on debtors, managers' commission,. abnormal loss, goods sent for approval and in transit.
- (e) Preparation of Profit and Loss Account and Balance Sheet of sole proprietorship concerns.

Unit 8 : Financial Statement of Not-for-Profit Organization

(periods 26)

- (a) Not for profit organization: Meaning and examples.
- (b) Receipts and Payments account, Income and Expenditure account: Meaning and Concept of Fund based accounting.
- (c) Preparation of Income and Expenditure account and Balance Sheet from Receipts and Payments Account with additional information.

Unit 9 : Computers in Accounting

(periods 24)

- (a) Introduction to Computers: Meaning, Capabilities and Components of Computer System.
- (b) Database concepts for Accounting.
- (c) Retrieval of accounting information-basic queries.

CLASS XII

Paper 1

3 Hours

80+20 Marks For Project work/Practical work on Computerized Accounting

	PERIODS	MARKS
A. PARTNERSHIP AND COMPANY ACCOUNTS		
Unit 1 : Accounting for Partnership	14	5
Unit 2 : Reconstitution of Partnership	36	18
Unit 3 : Dissolution of Partnership Firm	20	10
Unit 4 : Accounting for Share Capital	28	14
Unit 5 : Accounting for Debentures	26	13
B. ANALYSIS OF FINANCIAL STATEMENT		
Unit 6.1 : Analysis of Financial Statements	33	10
Unit 6.2 : Statement of changes in Financial Position	33	10
Unit 6.3 : Project Work	18	20
OR		
COMPUTERISED ACCOUNTING		
Unit 6.1 : Data base Design for Accounting	24	8
Unit 6.2 : Overview of Computerized Accounting System	10	5
Unit 6.3 : Application of Computers in Financial Accounting	34	7
Unit 6.4 : Practical	16	20

A. PARTNERSHIP AND COMPANY ACCOUNTS

(periods 124)

Unit 1: Accounting for Partnership

(periods 14)

- (a) Nature of Partnership Firm : Partnership Deed -Meaning, Impact.
- (b) Special Aspects of Final Accounts of Partnership : Fixed v/s Fluctuating Capital, Division of Profit among partners, Past adjustments and Guarantee of Profits, Accounting for joint life policy. .

Unit 2 : Reconstitution of Partnership

(periods 36)

Change in Profit Sharing Ratio among the existing partners -Sacrificing Ratio and Gaining Ratio.

- (a) Accounting for Revaluation of Assets and Liabilities and Distribution of Reserves and Accumulated Profits.

Goodwill: Nature, Factors affecting and Methods of valuation: average profit, super profit, capitalization, accounting treatment of goodwill.

- (b) Admission of a Partner: Effect of Admission of Partner, Change in Profit Sharing Ratio -Sacrificing Ratio, Accounting Treatment of Goodwill. Accounting Treatment for Re- valuation of Assets and Liabilities. Accounting Treatment of Reserves and Accumulated Profits, Adjustment of Capital Accounts.
- (c) Retirement/Death of a Partner: Change in Profit Sharing Ratio -Gaining Ratio, Accounting Treatment of Goodwill. Accounting Treatment for the Revaluation of Assets and Liabilities. Adjustment of Accumulated Profits and Reserves, Adjustment of Joint Life Policy and Capital Accounts.

Unit 3 : Dissolution of Partnership Firm

(periods 20)

- (a) Meaning, Settlement of Accounts : Preparation of Realization account and related accounts (excluding piecemeal distribution, sale to a company and insolvency of a partner).

Unit 4 : Accounting for Share Capital

(periods 28)

- (a) Share and Share Capital: Meaning, Nature and Types.
- (b) Accounting for Share Capital: Issue and Allotment of Shares. Private Placement of shares : Meaning of employee stock option plan and Public Subscription of share capital. Over subscription and Under subscription, Issue at par, premium and at discount, Calls in advance, Calls in arrears, Interest on Calls in advance and arrears and Issue of Shares for consideration other than cash.
- (c) Forfeiture of Shares: Accounting Treatment, Re-Issue of Forfeited Shares.
- (d) Disclosure of Share Capital in company's balance sheet.

Unit 5 : Accounting for Debentures

(periods 26)

- (a) Issue of Debentures: Meaning of Debentures. Types of Debentures, Trust Deed concept, Issue of Debentures at par and at a premium, Issue of Debentures for consideration other than cash.
Debentures as a collateral security.
- (b) Redemption of Debentures: Meaning, Sources of funds for redemption of debentures : from the proceeds of fresh issue of share capital and debentures, Out of accumulated profits and Sinking Fund.
- (c) Methods of redemption of debentures: In lump-sum at the end of stipulated period, By draw of lots, By purchasing in the open market, By conversion into new debentures or shares.

ANALYSIS OF FINANCIAL STATEMENTS

(Period 84)

Unit 6.1 : Analysis of Financial Statement

(Periods 33)

- (a) Financial Statements of a Company: Balance Sheet of a Company in the prescribed form with major headings only (Schedule VI).
- (b) Financial Analysis: Meaning, Significance and Purpose, Limitations.
- (c) Tools for Financial Analysis: Comparative Statements, Common Size Statements.
- (d) Accounting Ratios: Meaning and Objectives. Types of Ratios :
Liquidity Ratios: Current Ratio, Liquid Ratio. Solvency Ratio: Debt to equity, Total Assets to Debt, Proprietary Ratio.
Activity Ratio: Inventory Turnover, Debtors Turnover, Working Capital Turnover, Profitability Ratio: Gross Profit, Operating Ratio.

Unit 6.2 : Cash flow Statement

(Periods 33)

Meaning and Objectives, Preparation, Adjustments related to depreciation, dividend and tax, sale and purchase of non-current assets
(as per revised standard issued by ICAI).

Unit 6.3 : Project Work

(Periods 18)

OR

COMPUTERISED ACCOUNTING

- 6.1 (a) Data base Design for Accounting.
(b) Entity Relationship model .
(c) Relational data model.
(d) Structured Query Language (SQL) - basic queries .

Unit 6.2 : Overview of Computerized Accounting System

(Periods 10)

- (a) Fundamentals of Computerized Accounting System.
(b) Concept of Grouping of Accounts
(c) Codification of Accounts, Maintaining the hierarchy of ledger .

Unit 6.3 : Application of Computers in Financial Accounting (using MSAccess)

(Periods 32)

- (a) Accounting procedures used in practice for recording cash, bank, and journal transactions using appropriate vouchers.
(b) Preparation of ledger accounts, cashbook, bankbook.
(c) Trial Balance.

Unit 6.4 : Practical

(Periods 18)

List of Books Recommended

Class XI

S.NO.	NAME OF THE BOOK	NAME OF THE PUBLISHER
1.	Accountancy (Financial Accounting Part I)	NCERT Publication
2.	CORE CBSE ACCOUNTANCY FOR CLASS XI	Goyal Brothers Prakashan, 11/1903, Chuna Mandi, Pahar Ganj, New Delhi – 110055.
3.	यचकक 'ककल= ¼ फोÙकह; यचकककदुक ठकx & 1½	,u- lh- bZ- vkj- Vh- izdk'ku

Class XII

S.NO.	NAME OF THE BOOK	NAME OF THE PUBLISHER
1.	Accountancy : Partnership And Company Accounts	NCERT Publication
2.	Accountancy : Analysis of Financial Statements	NCERT Publication
3.	Double Entry Book Keeping	Sultan Chand & Sons (P) Ltd., 4859/24, Darya Ganj, New Delhi-110002
4.	Accountancy Refresher	Modern Publishers, Mb-161, Gali No. 4, Shakar Pur, Delhi-110092
5.	Accountancy (Part I)	Arya Publications, 7, Industrial Area, Trilokpur Road, Kala Amb Distt., Sirmour, Himachal Pradesh
6.	Wason's Double Entry Book Keeping - Partnership and Company Accounts	Kohinoor Publications, 11099, Doriwalan, East Park Road, Karol Bagh, New Delhi-110005
7.	Wason's Analysis of Financial Statements	Kohinoor Publications, 11099, Doriwalan, East Part Road, Karol Bagh, New Delhi-110005
8.	Principles and Practice of Accountancy Part 2	Arya Book Depot, 30, Naiwala, Karol Bagh, New Delhi-110005
9.	Principles and Practice of Financial Statement Analysis	Arya Book Depot, 30, Naiwala, Karol Bagh, New Delhi-110005
10.	लेखाशास्त्र : साझेदारी एवं कंपनी खाते भाग-I	एन सी ई आर टी प्रकाशन
11.	लेखाशास्त्र : वित्तीय विवरणों का विश्लेषण	एन सी ई आर टी प्रकाशन
12.		