

**2023-24**  
**ACCOUNTANCY(132)**  
**CLASS XI**

**Theory: 80 Marks**

**3 Hours**

**Project: 20 Marks**

Units	Marks
<b>Part A: Financial Accounting-1</b>	
<b>Unit-1: Theoretical Framework</b>	<b>12</b>
<b>Unit-2: Accounting Process</b>	<b>44</b>
<b>Part B: Financial Accounting-II</b>	
<b>Unit-3: Financial Statements of Sole Proprietorship</b>	<b>24</b>
<b>Part C: Project Work</b>	<b>20</b>

**PART A: FINANCIAL ACCOUNTING - I**

**Unit-1: Theoretical Frame Work**

**Units/Topics**

**Introduction to Accounting**

Accounting- concept, meaning, as a source of information, objectives, advantages and limitations, types of accounting information; users of accounting information and their needs. Qualitative Characteristics of Accounting Information. Role of Accounting in Business.

Basic Accounting Terms- Entity, Business Transaction, Capital, Drawings. Liabilities (Non Current and Current). Assets (Non Current, Current); Expenditure (Capital and Revenue), Expense, Revenue, Income, Profit, Gain, Loss, Purchase, Sales, Goods, Stock, Debtor, Creditor, Voucher, Discount (Trade discount and Cash Discount)

**Theory Base of Accounting**

Fundamental accounting assumptions: GAAP: Concept

Basic Accounting Concept : Business Entity] Money Measurement, Going Concern, Accounting Period, Cost Concept, Dual Aspect, Revenue Recognition, Matching, Full Disclosure, Consistency, Conservatism, Materiality and Objectivity, System of Accounting. Basis of Accounting:, cash basis and accrual basis, Accounting Standards: Applicability of Accounting Standards (AS) and Indian Accounting Standards (IndAS) Goods and Services Tax (GST): Characteristics and Advantages.

**Unit-2: Accounting Process**

Recording of Business Transactions Voucher and Transactions: Source documents and Vouchers, Preparation of Vouchers, Accounting Equation Approach: Meaning and Analysis, Meaning and Analysis, Rules of Debit and Credit. Recording of Transactions: Books of Original Entry- Journal Special Purpose books: Cash Book: Simple, cash book with bank column and petty cashbook Purchases book Sales book, Sales book, Purchases return book, Sales return book

Journal proper

Note: Including trade discount, freight and cartage expenses for simple GST calculation.

Ledger: Format, Posting from journal and subsidiary books, Balancing of accounts

Bank Reconciliation Statement: Need and preparation, Bank Reconciliation Statement

Depreciation, Provisions and Reserves

Depreciation: Meaning, Features, Need, Causes, factors ,Other similar terms: Depletion and Amortisation

Methods of Depreciation:

- i. Straight Line Method (SLM)
- ii. Written Down Value Method (WDV) Note: Excluding change of method

Method of recoding depreciation

- i. Charging to asset account
- ii. Creating provision for depreciation/accumulated depreciation account

Treatment of disposal of asset

Provisions, Reserves, Difference Between Provisions and Reserves

Types of Reserves:

- i. Revenue reserve
- ii. Capital reserve
- iii. General reserve
- iv. Specific reserve
- v. Secret Reserve

Difference between capital and revenue reserve

Trial balance and Rectification of Errors

Trial balance: objectives, meaning and preparation

(Scope: Trial balance with balance method only)

Errors: classification-errors of omission, commission, principles, and compensating; their effect on Trial Balance.

Detection and rectification of errors;

- (i) Errors which do not affect trial balance
- (ii) Errors which affect trial balance preparation of suspense account.

## **PART B: FINANCIAL ACCOUNTING – II**

### **Financial Statements**

Meaning, objectives and importance; Revenue and Capital Receipts; Revenue and Capital Expenditure; Deferred Revenue expenditure. Opening journal entry. Trading and Profit and Loss Account: Gross Profit, Operating profit and Net profit. Preparation. Balance Sheet: need, grouping and marshalling of assets and liabilities. Preparation. 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/staff welfare, interest on capital and managers commission. Preparation of Trading and Profit and Loss account and Balance Sheet of a sole proprietorship with adjustments.

### **Incomplete Records**

Features, reasons and limitations.

Ascertainment of Profit/Loss by Statement of Affairs method. (excluding conversion method)

### **Part C: Project Work (Any One)**

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 of any sole proprietorship business. This may state with journal entries and their ledgering, preparation of Trial balance. Trading and Profit and Loss Account and Balance Sheet. Expenses, incomes and profit (loss), assets and liabilities are to be depicted using pie chart / bar diagram. This may include simple GST related transactions.

## **PROJECT WORK**

It is suggested to undertake this project after completing the unit on preparation of financial statements. The student(s) will be allowed to select any business of their choice or develop the transaction of imaginary business. The project is to run through the chapters and make the project an interesting process. The amounts should emerge as more realistic and closer to reality.

### **Specific Guidelines for Teachers**

Give a list of options to the students to select a business form. You can add to the given 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 Saree shop              | 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        |                     |

After selection, advise the student(s) to visit a shop in the locality (this will help them to settle on a realistic amounts different items. The student(s) would be able to see the things as they need to invest in furniture, decor, lights, machines, computers etc.

A suggested list of different item is given below.

- |  |   |
|--|---|
| 1. Rent                                      | 19. Wages and Salary                      |
| 2. Advance rent [approximately three months] | 20. Newspaper and magazines               |
| 3. Electricity deposit                       | 21. Petty expenses                        |
| 4. Electricity bill                          | 22. Tea expenses                          |
| 5. Electricity fitting                       | 23. Packaging expenses                    |
| 6. Water bill                                | 24. Transport                             |
| 7. Water connection security deposit         | 25. Delivery cycle or a vehicle purchased |
| 8. Water fittings                            | 26. Registration                          |
| 9. Telephone bill                            | 27. Insurance                             |
| 10. Telephone security deposit               | 28. Auditors fee                          |
| 11. Telephone instrument                     | 29. Repairs & Maintenance                 |
| 12. Furniture                                | 30. Depreciations                         |
| 13. Computers                                | 31. Air conditioners                      |
| 14. Internet connection                      | 32. Fans and lights                       |
| 15. Stationery                               | 33. Interior decorations                  |
| 16. Advertisements                           | 34. Refrigerators                         |
| 17. Glow sign                                | 35. Purchase and sales                    |
| 18. Rates and Taxes                          |   |

At this stage, performas of bulk of originality and ledger may be provided to the students and they may be asked to complete the same.

In the next step the students are expected to prepare the trial balance and the financial statements.

### **Evaluation Scheme of Project**

#### **Project work / Internal Assessmet**

<b>1-Project Work</b>	<b>Marks</b>
a) Relevance of the topic	3
b) Knowledge content /Research Work	3
c) Presentation Technique	3
d) Viva based on project	6
<b>2- Continuous assessment (Unit Test)</b>	<b>5</b>
<b>Total</b>	<b>20</b>

**2023-34**  
**CLASS XII**  
**ACCOUNTANCY(132)**  
Time : 3 Hours

<b>One Paper</b>		<b>Marks : 80</b>
<b>Unit</b>		<b>Marks</b>
<b>Part A : Accounting for Partnership Firms and Companies</b>		
1.	<b>Accounting for Partnership Firms</b>	36
2.	<b>Accounting for Companies</b>	24
<b>Part B:</b>		
3.	<b>Analysis of Financial Statements</b>	08
4.	<b>Cash Flow Statement</b>	12
<b>OR</b>		
<b>Part B:</b>	<b>Computerized Accounting</b>	20
		80
<b>Part C: Project Work</b>		<b>20</b>

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

**Unit 1: Accounting for Partnership**

Partnership: features, Partnership Deed.

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.

Past adjustments (relating to interest on capital, interest on drawing, salary and profit sharing ratio).

Goodwill: meaning, nature, factors affecting and methods of valuation - average profit, super profit and capitalization.

Note: Interest on partner's loan is to be treated as a charge against profits.

Goodwill: meaning, factors affecting, need for valuation, methods for calculation (average profits, super profits and capitalization), adjusted through partners capital/ current account.

Accounting for Partnership firms - Reconstitution and Dissolution.

Change in the Profit Sharing Ratio among the existing partners - sacrificing ratio, gaining ratio, accounting for revaluation of assets and reassessment of liabilities and treatment of reserves, accumulated profits and losses. Preparation of revaluation account and balance sheet.

Admission of a partner - 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 re-assessment of liabilities, treatment of reserves, accumulated profits and losses, adjustment of capital accounts and preparation of capital, current account and balance sheet.

Retirement and death of a partner: 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, losses and reserves, adjustment of capital accounts and preparation of capital, current account and 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 and his executor's account.

Dissolution of a partnership firm: meaning of dissolution of partnership and partnership firm, 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)).

**Note:**

- (i) If the realized value of tangible assets is not given it should be considered as realized at book value itself.
- (ii) If the realized value of intangible assets is not given it should be considered as nil (zero value).
- (ii) In case, the realization expenses are borne by a partner, clear indication should be given regarding the payment thereof.

## **Unit-2 Accounting for Companies**

Features and types of companies.

Share and share capital: nature and types.

Accounting for share capital: issue and allotment of equity and preferences shares. 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.

Concept of Private Placement and Employee Stock Option Plan (ESOP), Sweat Equity.

Accounting treatment of forfeiture and re-issue of shares.

Disclosure of share capital in the Balance Sheet of a company.

Accounting for Debentures

Debentures: Meaning, types, 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 (concept of TDS is

excluded). Writing off discount / loss on issue of debentures.

Note: Discount or loss on issue of debentures to be written off in the year debentures are allotted from Security Premium Reserve (if it exists) and then from Statement of Profit and Loss as Financial Cost (AS 16)

## **Part B: Financial Statement Analysis**

### **Unit 3: Analysis of Financial Statements**

Financial statements of a Company: Meaning, Nature, Uses and importance of financial Statement. Statement of Profit and Loss and Balance Sheet in prescribed form with major headings and sub headings (as per Schedule III to the Companies Act, 2013)

Note: Exceptional items, extraordinary items and profit (loss) from discontinued operations are excluded.

Financial Statement Analysis: Meaning, Significance Objectives, importance and limitations.

Tools for Financial Statement Analysis: Comparative statements, common size statements, Ratio analysis, Cash flow analysis.

Accounting Ratios: Meaning, Objectives, Advantages, classification and computation.

Liquidity Ratios: Current ratio and Quick ratio.

Solvency Ratios: Debt to Equity Ratio, Total Asset to Debt Ratio, Proprietary Ratio and Interest Coverage Ratio. Debt to Capital Employed Ratio.

Activity Ratios: Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio, Fixed Asset Turnover Ratio, Net Asset Turnover Ratio and Working Capital Turnover Ratio.

Profitability Ratios: Gross Profit Ratio, Operating Ratio, Operating Profit Ratio, Net Profit Ratio and Return on Investment.

### **Unit 4: Cash Flow Statement**

Meaning, objectives Benefits, Cash and Cash Equivalents, Classification of Activities and preparation (as per AS 3 (Revised) (Indirect Method only)

Note:

(i) Adjustments relating to depreciation and amortization, profit or loss on sale of assets including investments, dividend (both final and interim) and tax.

(ii) Bank overdraft and cash credit to be treated as short term borrowings.

Current Investments to be taken as Marketable securities unless otherwise specified

Note: Previous years' Proposed Dividend to be given effect, as prescribed in AS-4, Events occurring after the Balance Sheet date. Current years' Proposed Dividend will be accounted for in the next year after it is declared by the shareholders

**OR**

## **Part B: Computerised Accounting**

### **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.

## Project Work

One specific project based on financial statement analysis of a company covering any two aspects from the following:

1. Comparative and common size financial statements
2. Accounting Ratios
3. Segment Reports
4. Cash Flow Statements

## Project work Evaluation Scheme

<b>1-Project Work</b>	<b>Marks</b>
a) Relevance of the topic	3
b) Knowledge content /Research Work	3
c) Presentation Technique	3
d) Viva based on project	6
<b>2- Continuous assessment (Unit Test)</b>	<b>5</b>
<b>Total</b>	<b>20</b>

### 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
Accountancy – Computerised Accounting System	Class XII	NCERT Publication