

ACCOUNTANCY (Code No. 055)

Rationale

The course in accountancy is introduced at plus two stage of senior second of school education, as the formal commerce education is provided after ten years of schooling. With the fast changing economic scenario, accounting as a source of financial information has carved out a place for itself at the senior secondary stage. Its syllabus content provide students a firm foundation in basic accounting concepts and methodology and also acquaint them with the changes taking place in the preparation and presentation of financial statements in accordance to the applicable accounting standards and the Companies Act 2013.

The course in accounting put emphasis on developing basic understanding about accounting as an information system. The emphasis in Class XI is placed on basic concepts and process of accounting leading to the preparation of accounts for a sole proprietorship firm. The students are also familiarized with basic calculations of Goods and Services Tax (GST) in recording the business transactions. The accounting treatment of GST is confined to the syllabus of class XI.

The increased role of ICT in all walks of life cannot be overemphasized and is becoming an integral part of business operations. The learners of accounting are introduced to Computerized Accounting System at class XI and XII. Computerized Accounting System is a compulsory component which is to be studied by all students of commerce in class XI; whereas in class XII it is offered as an optional subject to Company Accounts and Analysis of Financial Statements. This course is developed to impart skills for designing need based accounting database for maintaining book of accounts.

The complete course of Accountancy at the senior secondary stage introduces the learners to the world of business and emphasize on strengthening the fundamentals of the subject.

Objectives:

1. To familiarize students with new and emerging areas in the preparation and presentation of financial statements.
2. To acquaint students with basic accounting concepts and accounting standards.

3. To develop the skills of designing need based accounting database.
4. To appreciate the role of ICT in business operations.
5. To develop an understanding about recording of business transactions and preparation of financial statements.
6. To enable students with accounting for Not-for-Profit organizations, accounting for Partnership Firms and company accounts.

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(2021-22)

CLASS XII - CURRICULUM (TERM-WISE)

	TERM -1 (MCQ BASED QUESTION PAPER)	
	Theory:40 Marks	Duration: 90 minutes
	MARKS	
	Part A	
	UNIT	
	ACCOUNTING FOR PARTNERSHIP FIRMS:	18
1	FUNDAMENTALS	
2	CHANGE IN PROFIT SHARING RATIO	
3	ADMISSION OF A PARTNER	
	COMPANY ACCOUNTS:	12
1	ACCOUNTING FOR SHARES	
	PART B	
	ANALYSIS OF FINANCIAL STATEMENTS:	10
1	FINANCIAL STATEMENTS OF A COMPANY (i) <i>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)</i> (ii) <i>Tools of Analysis - Ratio Analysis</i>	
2	ACCOUNTING RATIOS	
	OR	
	COMPUTERISED ACCOUNTING	10
1	OVERVIEW OF COMPUTERISED ACCOUNTING SYSTEM	
2	ACCOUNTING APPLICATION OF ELECTRONIC SPREADSHEET	
	Total	40
	Project Work (Part -1): 10 Marks	

Part - A:

Unit : Accounting for Partnership Firms

Units/Topics	Learning Outcomes
<ul style="list-style-type: none">• 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: nature, factors affecting and methods of valuation - average profit, superprofit and capitalization. <p><i>Note: Interest on partner's loan is to be treated as a charge against profits.</i></p> <p>Goodwill to be adjusted through partners capital/current account.</p> <p><i>Note: Raising and writing off goodwill is excluded.</i></p> <p>Accounting for Partnership firms - Reconstitution</p> <ul style="list-style-type: none">• 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 and accumulated profits. 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, treatment for revaluation of assets and reassessment of liabilities, treatment of reserves and accumulated profits.	<p>After going through this Unit, the students will be able to:</p> <ul style="list-style-type: none">• state the meaning of partnership, partnership firm and partnership deed.• describe the characteristic features of partnership and the contents of partnership deed.• discuss the significance of provision of Partnership Act in the absence of partnership deed.• differentiate between fixed and fluctuating capital, outline the process and develop the understanding and skill of preparation of Profit and Loss Appropriation Account.• develop the understanding and skill of preparation of profit and loss appropriation account involving guarantee of profits.• develop the understanding and skill of making past adjustments.• state the meaning, nature and factors affecting goodwill• develop the understanding and skill of valuation of goodwill using different methods.• state the meaning of sacrificing ratio, gaining ratio and the change in profit sharing ratio among existing partners.• develop the understanding of accounting treatment of revaluation assets and reassessment of liabilities and treatment of reserves and accumulated profits by preparing revaluation account and balance sheet.• explain the effect of change in profit sharing ratio on admission of a new partner.• develop the understanding and skill of treatment of goodwill, treatment of revaluation of assets and reassessment of liabilities, treatment of reserves and accumulated profits, and preparation of balance sheet of the new firm.

Unit - Accounting for Companies

Units/Topics	Learning Outcomes
Accounting for Share Capital <ul style="list-style-type: none">• Share and share capital: nature and types.• Accounting for share capital: issue and allotment of equity and preference 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).• Accounting treatment of forfeiture and re-issue of shares.• Disclosure of share capital in the Balance Sheet of a company.	After going through this Unit, the students will be able to: <ul style="list-style-type: none">• state the meaning of share and share capital and differentiate between equity shares and preference shares and different types of share capital.• understand the meaning of private placement of shares and Employee Stock Option Plan.• explain the accounting treatment of share capital transactions regarding issue of shares.• develop the understanding of accounting treatment of forfeiture and re-issue of forfeited shares.• describe the presentation of share capital in the balance sheet of the company as per schedule III part I of the Companies Act 2013.

Part – B:

Unit : Analysis of Financial Statements

Units/Topics	Learning Outcomes
Financial statements of a Company: 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: <i>Exceptional items, extraordinary items and profit (loss) from discontinued operations are excluded.</i> <ul style="list-style-type: none">• Financial Statement Analysis: Objectives, importance and limitations.• Accounting Ratios: Meaning, Objectives, 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.• Activity Ratios: Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio and Working Capital Turnover Ratio.	After going through this Unit, the students will be able to: <ul style="list-style-type: none">• 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.• state the meaning, objectives and limitations of financial statement analysis.• discuss the meaning of different tools of 'financial statements analysis'.• state the meaning, objectives and significance of different types of ratios.• develop the understanding of computation of current ratio and quick ratio.• develop the skill of computation of debt equity ratio, total asset to debt ratio, proprietary ratio and interest coverage ratio.• develop the skill of computation of inventory turnover ratio, trade receivables and trade payables ratio and working capital turnover ratio.• develop the skill of computation of gross

<ul style="list-style-type: none"> • Profitability Ratios: Gross Profit Ratio, Operating Ratio, Operating Profit Ratio, Net Profit Ratio and Return on Investment. 	profit ratio, operating ratio, operating profit ratio, net profit ratio and return on investment.
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Note: Net Profit Ratio is to be calculated on the basis of profit before and after tax.

OR

Part B: Computerised Accounting

Unit : 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.

TERM -II

	<u>TERM II</u>	MARKS
	<u>Theory: 40 Marks</u>	
	Part A	
	<u>UNIT</u>	
1	<u>ACCOUNTING FOR NOT-FOR PROFIT ORGANISATIONS</u>	10
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	<u>ACCOUNTING FOR PARTNERSHIP FIRMS:</u>	12
1	RETIREMENT AND DEATH OF A PARTNER	
2	DISSOLUTION OF PARTNERSHIP FIRMS	
	<u>COMPANY ACCOUNTS:</u>	8
1	ACCOUNTING FOR DEBENTURES	
	Part B	
	<u>ANALYSIS OF FINANCIAL STATEMENTS:</u>	10
1	FINANCIAL STATEMENTS OF A COMPANY	

	(i) COMPARATIVE AND COMMON SIZE STATEMENTS	
2	CASH FLOW STATEMENT	
	OR	
	COMPUTERISED ACCOUNTING	10
1	USING COMPUTERISED ACCOUNTING SYSTEM	
2	DATABASE MANAGEMENT SYSTEM	
	Total	40
	PROJECT (PART – 2): 10 MARKS	

Part - A:

Unit : Accounting for Not – For Profit Organisations

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

Unit : Accounting for Partnership Firms

Accounting for Partnership firms - Reconstitution and Dissolution.	
<ul style="list-style-type: none"> Retirement and death of a partner: effect of retirement / death of a partner on change in profit sharing ratio, treatment of goodwill, treatment for revaluation of assets and reassessment of liabilities, adjustment of accumulated profits and reserves and preparation of balance sheet. Calculation of deceased partner's share of profit till the date of death. 	<ul style="list-style-type: none"> explain the effect of retirement / death of a partner on change in profit sharing ratio. 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. develop the skill of calculation of deceased

<p>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)).</p> <p>Note:</p> <p>(i) If realized value of an asset is not given, it is to be presumed that it has not realised any amount.</p> <p>(ii) If a partner has borne and/ or paid the realisation expenses, it should be stated.</p>	<p>partner's share till the time of his death.</p> <ul style="list-style-type: none"> • discuss the preparation of the capital accounts of the remaining partners and the balance sheet of the firm after retirement / death of a partner. • understand the situations under which a partnership firm can be dissolved. • develop the understanding of preparation of realisation account and other related accounts.
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Unit - Accounting for Companies

Units/Topics	Learning Outcomes
<p>Accounting for Debentures</p> <ul style="list-style-type: none"> • 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. Writing off discount / loss on issue of debentures. <p>Note: Discount or loss on issue of debentures to be written off in the year debentures are allotted from Security Premium Reserve/ Capital Reserve/ Statement of Profit and Loss as Financial Cost (AS16) in that order.</p> <p><i>Note: Related sections of the Companies Act, 2013 will apply.</i></p> <p><i>Concept of Tax Deducted at Source (TDS) is excluded.</i></p>	<p>After going through this Unit, the students will be able to:</p> <ul style="list-style-type: none"> • explain the accounting treatment of different categories of transactions related to issue of debentures. • develop the understanding and skill of writing off discount / loss on issue of debentures. • understand the concept of collateral security and its presentation in balance sheet. • develop the skill of calculating interest on debentures and its accounting treatment. • state the meaning of redemption of debentures.

Part – B:

Unit : Analysis of Financial Statements

Units/Topics	Learning Outcomes
Financial statements of a Company: <ul style="list-style-type: none"> • Tools for Financial Statement Analysis: Comparative statements, common size statements. 	After going through this Unit, the students will be able to: <ul style="list-style-type: none"> • develop the understanding and skill of preparation of comparative and common size financial statements.

Unit : Cash Flow Statement

Units/Topics	Learning Outcomes
<ul style="list-style-type: none">Meaning, objectives and preparation (as per AS 3 (Revised) (Indirect Method only) <p>Note:</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><i>(ii) Bank overdraft and cash credit to be treated as short term borrowings.</i></p> <p><i>(iii) Current Investments to be taken as Marketable securities unless otherwise specified.</i></p>	<p>After going through this Unit, the students will be able to:</p> <ul style="list-style-type: none">state the meaning and objectives of cash flow statement.develop the understanding of preparation of Cash Flow Statement using indirect method as per AS 3 with given adjustments.

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

Unit : Computerised Accounting

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

Students would prepare only ONE project in the entire academic session, which is divided into two terms i.e. Term – I and Term – II

Detailed guidelines for project work are as follows-

Students need to create **one specific project** only in which they would be required to cover the company profile, assessment of financial

statements, and specific report analysis. The main objective of preparing the project report is for the following reason:

1. Students are able to state the meaning, objectives, and limitations of financial statement analysis.
2. Study the proper use of different tools of 'financial statements analysis' like comparative analysis, Ratios and Cash flow statement.
3. Capable to create Comparative Statements and Common Size Statement.
4. Understand the Meaning, objective, advantage, and limitation of Accounting Ratios.

TERM -I

<u>PARTICULARS</u>	<u>MAXIMUM MARKS</u>
Written Test (based on Project – Accounting Ratios)	6
Practical file	2
Viva (Ratio Analysis)	2

TERM -II

<u>PARTICULARS</u>	<u>MAXIMUM MARKS</u>
Written Test (based on Comparative Statements and Common Size Statement and Cash Flow statement)	6
Practical file	2
Viva (Comparative Statements and Common Size Statement and Cash flow Statement)	2

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