

## 19. 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 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.

## Accountancy (Code No.055)

Couse Structure  
Class-XI (2018-19)

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	105	40
	<b>130</b>	<b>55</b>
<b>Part B: Financial Accounting-II</b>		
Unit-3: Financial Statements of Sole Proprietorship from Complete and Incomplete Records	60	25
Unit-4: Computers in Accounting	20	10
	<b>80</b>	<b>35</b>
<b>Part C: Project Work</b>	<b>30</b>	<b>10</b>

### SYLLABUS: CLASS-XI ACCOUNTANCY

#### PART A: FINANCIAL ACCOUNTING - I

55 Marks

##### Unit-1: Theoretical Frame Work

25 Periods

Units/Topics	Learning Outcomes
<b>Introduction to Accounting</b> <b>11 Periods</b> <ul style="list-style-type: none"><li>Accounting- concept, 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.</li><li>Basic Accounting Terms- Business Transaction, Capital, Drawings. Liabilities (Non Current and Current). Assets (Non Current, Current); Fixed assets (Tangible and Intangible), Expenditure (Capital and Revenue), Expense, Income, Profit, Gain, Loss, Purchase, Sales, Goods, Stock, Debtor, Creditor, Voucher, Discount (Trade discount and Cash Discount)</li></ul>	<b>After going through this Unit, the students will be able to:</b> <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, 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</li></ul>
<b>Theory Base of Accounting</b> <b>14 Periods</b> <ul style="list-style-type: none"><li>Fundamental accounting assumptions: GAAP: Concept</li><li>Business Entity, Money Measurement, Going Concern, Accounting Period, Cost Concept, Dual Aspect, Revenue Recognition, Matching, Full Disclosure, Consistency, Conservatism, Materiality and Objectivity</li><li>System of Accounting. Basis of Accounting: cash basis and accrual basis</li><li>Accounting Standards: Need, benefits, limitations, applicability; IFRS- Need</li></ul>	



- Methods of Depreciation:
  - i. Straight Line Method (SLM)
  - ii. Written Down Value Method (WDV)

**Note: Excluding change of method**

- Difference between SLM and WDV; Advantages of SLM and WDV
- Accounting treatment of depreciation
  - i. Charging to asset account
  - ii. Creating provision for depreciation/accumulated depreciation account
  - iii. Treatment for disposal of asset
- Provisions and Reserves: Difference
- Types of Reserves:
  - i. Revenue reserve
  - ii. Capital reserve
  - iii. General reserve
  - iv. Specific reserve
  - v. Secret Reserve
- Difference between capital and revenue reserve

**Accounting for Bills of Exchange. 20 Periods**

- Bill of exchange and Promissory Note: Definition, Specimen, Features, Parties.
- Difference between Bill of Exchange and Promissory Note
- Terms in Bill of Exchange:
  - i. Term of Bill
  - ii. Accommodation bill (concept)
  - iii. Days of Grace
  - iv. Date of maturity
  - v. Discounting of bill
  - vi. Endorsement of bill
  - vii. Bill after due date
  - viii. Negotiation
  - ix. Bill sent for collection
  - x. Dishonour of bill
  - xi. Retirement of bill
  - xii. Renewal of bill
- Accounting Treatment

**Note: excluding accounting treatment for accommodation bill**

**Trial balance and Rectification of Errors 20 Periods**

- Trial balance: objectives and preparation  
**(Scope: Trial balance with balance method only)**
- Errors: types-errors of omission, commission, principles, and compensating; their effect on Trial Balance.
- Detection and rectification of errors; preparation of suspense account.

- describe the method of recording transactions other than cash transactions as per their nature in different subsidiary books .
- 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.
- develop understanding of preparing bank reconciliation statement.
- 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.
- explain the necessity of providing depreciation and develop the skill of using different methods for computing depreciation.
- understand the accounting treatment of providing depreciation directly to the concerned asset account or by creating provision for depreciation account.
- appreciate the method of asset disposal through the concerned asset account or by preparing asset disposal account.
- 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.
- appreciate the difference between reserve and reserve fund.
- acquire the knowledge of using bills of exchange and promissory notes for financing business transactions;
- understand the meaning and distinctive features of these instruments and develop the skills of their preparation.
- state the meaning of different terms used in bills of exchange and their implication in accounting.
- explain the method of recording of bill transactions.
- state the need and objectives of preparing

	<p>trial balance and develop the skill of preparing trial balance.</p> <ul style="list-style-type: none"> <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**

**35 Marks**

**Unit 3: Financial Statements of Sole Proprietorship: From Complete and Incomplete Records**

**60 Periods**

Units/Topics	Learning Outcomes
<p><b>Financial Statements</b>  Receipts and Expenditure: Revenue receipts and capital receipts. Capital expenditure, Revenue expenditure and deferred expenditure  Objective and Importance.  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.</p> <p><b>Incomplete Records</b>  Features, Reasons and Limitations.  Ascertainment of profit/loss by statement of affairs method.  Difference between Accounts from incomplete records and Statement of Affairs. Preparation of Trading , Profit and Loss account and Balance Sheet.</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 financial statements the purpose of preparing financial statements.</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 grouping and 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 understanding and skill to do adjustments for items and their presentation in financial statements like depreciation, closing stock, provisions, abnormal loss etc.</li> <li>• develop the skill 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 understanding and skill of computation of profit / loss using the statement of affairs method.</li> </ul>

**Unit 4: 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 Management Information System.</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.</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 a computer, describe its components, capabilities and limitations.</li> <li>• state the meaning of accounting information system.</li> <li>• appreciate the need for use of computers in accounting for preparing accounting reports.</li> <li>• develop the understanding of comparing the manual and computerized accounting process and appreciate the advantages and limitations of automation.</li> <li>• understand the different kinds of accounting software.</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 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.

**COMPREHENSIVE PROJECT**

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.

### 3. 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 coffeeshop         |
| 2. Men's saloon         | 11. Ladies wear               | 20. A musicshop          |
| 3. A tailoring shop     | 12. Kiddies wear              | 21. A juiceshop          |
| 4. A canteen            | 13. A Saree shop              | 22. A schoolcanteen      |
| 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 shoeshop                |                          |

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. Auditor's 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.

## Suggested Question Paper Design Accountancy (Code No. 055) Class XI (2018-19)

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>High 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 question will be strictly based on the prescribed question paper design and syllabus.



**Accountancy (Code No. 055)**  
**Class-XII (2018-19)**

One Paper

Theory: 80 Marks  
3 Hours

Units		Periods	Marks
<b>Part A</b>	<b>Accounting for Not-for-Profit Organizations, Partnership Firms and Companies</b>		
	Unit 1. Financial Statements of Not-for-Profit Organizations	25	10
	Unit 2. Accounting for Partnership Firms	90	35
	Unit 3. Accounting for Companies	35	15
		<b>150</b>	<b>60</b>
<b>Part B</b>	<b>Financial Statement Analysis</b>		
	Unit 4. Analysis of Financial Statements	30	12
	Unit 5. Cash Flow Statement	20	8
		<b>50</b>	<b>20</b>
<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 4. 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 Not-for-Profit Organizations, Partnership Firms and Companies

60 Marks 150 Periods

### Unit 1: Financial Statements of Not-for-Profit Organizations

25 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> <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><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>state the meaning of receipts and payments account, and understanding its features.</li> <li>develop the understanding and skill of preparing receipts and payments account.</li> <li>state the meaning of income and expenditure account and understand its features.</li> <li>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.</li> </ul>

### Unit 2: 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.</li> <li>Fixed v/s fluctuating capital accounts. Preparation of Profit and Loss Appropriation account- division of profit among partners, guarantee of profits.</li> <li>Past adjustments (relating to interest on capital, interest on drawing, salary and profit)</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> <li>discuss the significance of provision of Partnership Act in the absence of partnership</li> </ul>

<p>sharing ratio).</p> <ul style="list-style-type: none"> <li>• Goodwill: nature, factors affecting and methods of valuation - average profit, super profit and capitalization.</li> </ul> <p><i>Note: 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 re- assessment 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.</li> <li>• 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.</li> <li>• <b>Dissolution of a partnership firm:</b> 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)).</li> </ul> <p><b>Note:</b></p> <p>(i) The realized value of each asset must be given at the time of dissolution.</p> <p>(ii) In case, the realization expenses are borne by a</p>	<p>deed.</p> <ul style="list-style-type: none"> <li>• differentiate between fixed and fluctuating capital, outline the process and develop the understanding and skill of preparation of Profit and Loss Appropriation Account.</li> <li>• develop the understanding and skill of preparation profit and loss appropriation account involving guarantee of profits.</li> <li>• develop the understanding and skill of making past adjustments.</li> <li>• state the meaning, nature and factors affecting goodwill</li> <li>• develop the understanding and skill of valuation of goodwill using different methods.</li> <li>• state 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 revaluation 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 and skill 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>• 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</li> </ul>
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partner, clear indication should be given regarding the payment thereof.	partnership firm can be dissolved. <ul style="list-style-type: none"> <li>develop the understanding of preparation of realisation account and other related accounts.</li> </ul>
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**Unit-3 Accounting for Companies**

**35 Periods**

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 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.</li> <li>Concept of Private Placement and Employee Stock Option Plan (ESOP).</li> <li>Accounting treatment of forfeiture and re-issue of shares.</li> <li>Disclosure of share capital in the Balance Sheet of a company.</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. Writing off discount / loss on issue of debentures.</li> <li>Redemption of debentures-Methods: Lump sum, draw of lots. Creation of Debenture Redemption Reserve.</li> </ul> <p><i>Note: Related sections of the 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 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>develop the understanding and skill of writing off discount / loss on 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 and Creation of Debenture Redemption Reserve.</li> </ul>

**Part B: Financial Statement Analysis**

**20 Marks**

**Unit 4: Analysis of Financial Statements**

**30 Periods**

<p><b>Financial statements of of a company:</b> Statement Profit and the Loss and Balance Sheet in prescribed form with major</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</li> </ul>
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<p>headings and sub headings (as per Schedule III to the Companies Act, 2013).</p> <p><b>Note:</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> Meaning, Objectives, classification and computation.</li> </ul> <p><b>Liquidity Ratios:</b> Current ratio and Quick ratio.</p> <p><b>Solvency Ratios:</b> Debt to Equity Ratio, Total Asset to Debt Ratio, Proprietary Ratio and Interest Coverage Ratio.</p> <p><b>Activity Ratios:</b> Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio and Working Capital Turnover Ratio.</p> <p><b>Profitability Ratios:</b> Gross Profit Ratio, Operating Ratio, Operating Profit Ratio, Net Profit Ratio and Return on Investment.</p>	<p>and sub-headings (as per Schedule III to the Companies Act, 2013) of balance sheet as per the prescribed norms / formats.</p> <ul style="list-style-type: none"> <li>• state the meaning, objectives and limitations of financial statement analysis.</li> <li>• discuss the meaning of different tools of 'financial statements analysis'.</li> <li>• develop the understanding and skill of preparation of comparative and common size financial statements.</li> <li>• state 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 working 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 the basis profit before and after tax.

#### Unit 5: 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>Note:</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 50 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 (2018-19)**

**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>High 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 Project</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