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## 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 Secondary 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 judgment.

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 more and more popular with increasing awareness about 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 Not for Profit Organizations, 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 of partnership firms;
- To enable the students to understand and analyze the financial statements; and
- To familiarize students with the fundamentals of computerized system of accounting.

## ***Part A: Accounting for Not-For-Profit Organizations, Partnership Firms and Companies. (Periods 124)***

### **Unit 1: Accounting for Not-For-profit Organizations (Periods 22)**

>- Meaning and features of not for profit organizations.

>- Meaning and features of fund based accounting.

>| Receipts and payments Account

>| Preparation of Income and Expenditure Account and Balance Sheet from Receipt and payment Account with additional information.

### **Unit 2: Accounting for Partnership firms (Periods 14)**

>| Nature of Partnership firm: Partnership Deed-meaning, importance.

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>-Partners' Capital Accounts : Fixed vs Fluctuating Capital, Division of Profit among partners, Profit and Loss Appropriation Account including past adjustments.

### **Unit 3: Reconstitution of Partnership (Periods 34)**

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

>- 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 and Capitalization methods.

>| *Admission of a Partner*: Effect of Admission of Partner, Change in Profit Sharing Ratio, Accounting Treatment for Goodwill, Revaluation of Assets and Liabilities, Reserves (accumulated Profits) and Adjustment of Capitals.

>| *Retirement/Death of a Partner*: Change in Profit Sharing ratio, accounting treatment of Goodwill, Revaluation of Assets and Liabilities, Adjustment of accumulated Profits (Reserves) and capitals.

Dissolution of a partnership firm.

### **Unit 4: Accounting for Share Capital and Debenture (Periods 54)**

>| Share Capital: Meaning, Nature and Types.

>| Accounting for share capital: Issue and Allotment of Equity and Preference Shares; Private placement of shares, meaning of employee stock option plan, public subscription of shares; over subscription and under subscription; issue at par, premium and at discount; calls in advance, calls in arrears, issue of shares for consideration other than cash. Meaning of Private placement of shares and employee stock option plan.

>| Forfeiture of shares: accounting treatment, re-issue of forfeited shares.

>- Presentation of Share Capital and Debenture in company's Balance Sheet.

>- Issue of debenture-at par and premium; issue of debenture for consideration other than cash.

>| Redemption of debenture - sources: out of profits - debenture redemption reserve; out of capital-methods : lump sum payment, draw by lots, purchase in the open market and conversion (excluding cum-interest and ex-interest).

### **Part B: Financial Statement Analysis (Period 84)**

### **Unit 5: Analysis of Financial Statements (Periods 33)**

>- Financial Statements of a Company: preparation of simple balance sheet of a company in the prescribed form with major headings only.

>- Financial Statement Analysis: meaning, significance and purpose, limitations,

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>| Tools for Financial Statement Analysis: Comparative Statements, Common Size Statements,

>| *Accounting Ratios*: meaning and objectives, types of ratios:

*Liquidity Ratios*: Current Ratio, Liquidity Ratio

*Solvency Ratios*: Debt to Equity, Proprietary Ratio Activity Ratios: Inventory Turnover, Debtors Turnover, Working Capital Turnover, Fixed Assets Turnover

*Profitability Ratio*: Gross Profit, Operating Ratio, Net Profit Ratio, Return on Investment, Earning Per Share, Dividend per Share, Profit Earning Ratio

## **Unit 6: Cash Flow Statement (Periods 33)**

>- Cash Flow Statement: 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 7: Project Work in Accounting (Please refer to the guidelines published by the CBSE) (Periods 18)**

**OR**

## **Part C: Computerised Accounting (Periods 84)**

### **Unit 5: Overview of Computerized Accounting System (Periods 12)**

>| Concept and types of Computerized Accounting System (CAS)

>- Features of a Computerized Accounting System

>- Structure of a Computerized Accounting System

### **Unit 6: Accounting using Database Management System (DBMS) (Periods 26)**

>| Concept of DBMS

>| Objects in DBMS: Tables, Queries, Forms, Reports

>- Creating data tables for accounting

>- Using queries, forms and reports for generating accounting information.

Applications of DBMS in generating accounting information such as shareholders' records, sales reports, customers' profile, suppliers' profile, payroll, employees' profile, petty cash register.

### **Unit 7: Accounting Applications of Electronic Spreadsheet (Periods 24)**

>- Concept of an Electronic Spreadsheet (ES)

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>| Features offered by Electronic Spreadsheet

>| Applications of Electronic Spreadsheet in generating accounting information, preparing depreciation schedule, loan repayment schedule, payroll accounting and other such applications.

**Unit 8: Practical Work in Computerized Accounting**  
(Please refer to the guidelines published by the CBSE)

**(Periods 22)**

**Recommended text books**

1. Accountancy - I, Publishing by NCERT
2. Accountancy - II, Publishing by NCERT