

19. ACCOUNTANCY (CODE NO. 055)

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 judgement. 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. Computerised 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 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 and dissolution of partnership firms;
- To enable the students to understand and analyse the financial statements; and
- To familiarize students with the fundamentals of computerized system of accounting.

Accountancy (Code 055)
Couse Structure
Class–XI (2013-14)

One Paper 90 Marks
3 Hours

Units	Periods	Marks
Part A: Financial Accounting-I		
Unit 1. Theoretical Framework	25	15
Unit 2. Accounting Process and Special Accounting Treatment	95	35
	120	50
Part B: Financial Accounting-II		
Unit 3. Financial Statements of Sole Proprietorship: from Complete and Incomplete Records	40	15
Unit 4. Financial Statements of Not-for-Profit Organisations	30	15
Unit 5. Computers in Accounting	20	10
	90	40
Part C: Project Work	30	10

Part A: Financial Accounting - I **50 Marks**

Unit 1: Theoretical Framework **25 Periods**

Introduction to Accounting 11 Periods

- Accounting- objectives, advantages and limitations, types of accounting information; users of accounting information and their needs.
- Basic accounting terms: business transaction, account, capital, drawings, liability (Non - current and current); asset (Non - current; tangible and intangible assets and current assets), receipts (capital and revenue), expenditure (capital, revenue and deferred), expense, income, profits, gains and losses, purchases, purchases returns, sales, sales returns, stock, trade receivables (debtors and bills receivable), trade payables (creditors and bills payable), goods, cost, vouchers, discount - trade and cash.

Theory Base of Accounting **14 Periods**

- Fundamental accounting assumptions: going concern, consistency, and accrual.
- Accounting principles: accounting entity, money measurement, accounting period, full disclosure, materiality, prudence, cost concept, matching concept and dual aspect.
- Bases of accounting - cash basis and accrual basis.
- Accounting Standards and IFRS (International Financial Reporting Standards): Concept and Objectives

Unit 2: Accounting Process and Special Accounting Treatment **95 Periods**

Recording of Transactions **23 Periods**

- Accounting equation: analysis of transactions using accounting equation.
- Rules of debit and credit: for assets, liabilities, capital, revenue and expenses.

- Origin of transactions- source documents (invoice, cash memo, pay in slip, cheque), preparation of vouchers - cash (debit and credit) and non cash (transfer).
- Books of original entry: format and recording - Journal.
- Cash Book: Simple Cash Book, Cash Book with Discount Column and Cash Book with Bank and Discount Columns, Petty Cash Book.
- Other books: purchases book, sales book, purchases returns book, sales returns book and journal proper.

Preparation of Bank Reconciliation Statement, Ledger and Trial Balance.

23 Periods

- Bank reconciliation statement- calculating bank balance at accounting date: need and preparation. Corrected cash book balance.
- Ledger - format, posting from journal, cash book and other special purpose books, balancing of accounts.
- Trial balance: objectives and preparation
(Scope: Trial Balance with balance method only)

Depreciation, Provisions and Reserves

16 Periods

- Depreciation: concept need and factors affecting depreciation; methods of computation of depreciation: straight line method, written down value method (excluding change in method)
- Accounting treatment of depreciation: by charging to asset account, by creating provision for depreciation/ accumulated depreciation account, treatment of disposal of asset.
- Provisions and reserves: concept, objectives and difference between provisions and reserves; types of reserves- revenue reserve, capital reserve, general reserve and specific reserves.

Accounting for Bills of Exchange

16 Periods

- Bills of exchange and promissory note: definition, features, parties, specimen and distinction.
- Important terms : term of bill, due date, days of grace, date of maturity, discounting of bill, endorsement of bill, bill sent for collection, dishonour of bill, noting of bill , retirement and renewal of a bill.
- Accounting treatment of bill transactions.

Rectification of Errors

17 Periods

- Errors: types-errors of omission, commission, principles, and compensating; their effect on Trial Balance.
- Detection and rectification of errors; preparation of suspense account.

Part B: Financial Accounting - II

40 Marks

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

40 Periods

- Financial Statements: objective and importance.
- Profit and loss account: gross profit, operating profit and net profit.
- Balance Sheet: need, grouping, marshalling of assets and liabilities.
- 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, manager's commission, abnormal loss, goods taken for personal use and goods distributed as free samples.

- Preparation of Trading and Profit and Loss Account and Balance Sheet of sole proprietorship.
- Incomplete records: use and limitations. Ascertainment of profit/loss by statement of affairs method.

Unit 4: Financial Statements of Not-for-Profit Organizations **30 Periods**

- Not-for-profit organizations: concept.
- Receipts and Payment account: features.
- Income and Expenditure account: features. Preparation of Income and Expenditure account and Balance Sheet from the given Receipts and Payments account with additional information.

Scope:

- (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.
- (ii) Entrance/ admission fees and general donations are to be treated as revenue receipts.
- (iii) Trading Account of incidental activities is not to be prepared.

Unit 5: Computers in Accounting **20 Periods**

- Introduction to Computer and Accounting Information System {AIS}: Introduction to computers (Elements, Capabilities, Limitations of Computer system),
- Introduction to operating software, utility software and application software. Introduction to Accounting Information System (AIS), as a part of MIS
- Automation of Accounting Process. Meaning
- 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.

Scope:

- The scope of the unit is to understand accounting as an information system for the generation of accounting information and preparation of accounting reports.
- It is presumed that the working knowledge of Tally software will be given to the students for the generation of accounting software. For this, the teachers may refer Chapter 4 of Class XII NCERT textbook on Computerized Accounting System.

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 starting with journal entries regarding any sole proprietorship business, posting them to the ledger and preparation of Trial balance. The students will then prepare Trading and Profit and Loss Account on the basis of the prepared trial balance. Expenses, incomes and profit (loss) are to be depicted using pie chart / bar diagram.

Suggested Question Paper Design
Accountancy (Code 055)
Class XI (2013-14)
March 2014 Examination

Marks 90

Duration: 3 hrs.

S. No.	Typology of Questions	Very Short Answer MCQ 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer I 6 Marks	Long Answer II 8 Marks	Marks	%
1.	Remembering- (Knowledge based Simple recall questions, to know specific facts, terms, concepts, principles, or theories; Identify, define, or recite, information)	2	2	2	1	-	22	25
2.	Understanding- (Comprehension - to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)	-	1	-	2	1	23	25
3.	Application (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)	-	-	1	1	1	18	20
4.	High Order Thinking Skills (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.	Evaluation and Multi-Disciplinary- (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)	2	1	1	-	-	9	10
	TOTAL	6x1=6	6x3=18	5x4=20	5x6=30	2x8=16	90(24) 100%	100