

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 School 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. Computerized accounting is becoming popular with the increasing 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 No.055)

Course Structure Class-XI (2017-18)

One Paper

Theory: 90 Marks
3 Hours

Units	Periods	Marks
Part A: Financial Accounting-1		
Unit-1: Theoretical Framework	25	15
Unit-2: Accounting Process	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 Organizations	30	15
	Unit-5: Computers in Accounting	20	10
		90	40
Part C: Project Work		30	10

SYLLABUS: CLASS-XI ACCOUNTANCY

PART A: FINANCIAL ACCOUNTING - I

50 Marks

Unit-1: Theoretical Frame Work

25 Periods

Units/Topics	Learning Outcomes
<p>Introduction to Accounting 11 Periods</p> <ul style="list-style-type: none"> ● Accounting- concept, objectives, advantages and limitations, types of accounting information; users of accounting information and their needs. ● Basic accounting terms: business transaction, account, capital, drawings, liabilities (non - current and current); assets (non-current and current) fixed assets (tangible and intangible assets), receipts (capital and revenue), expenditure (capital, revenue and deferred), expense, income, profits, gains and losses, purchases, purchases returns, sales, sales return, goods, stock, inventory, trade receivables (debtors and bills receivable), trade payables (creditors and bills payable), cost, vouchers, discount - trade and cash. <p>Theory Base of Accounting 14 Periods</p> <ul style="list-style-type: none"> ● 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. ● Accounting Standards and IFRS (International Financial Reporting Standards): concept and objectives ● Double entry system of accounting. ● Bases of accounting - cash basis and accrual basis. 	<p>After going through this Unit, the students will be able to:</p> <ul style="list-style-type: none"> ● 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. ● identify / recognise the individual(s) and entities that use accounting information for serving their needs of decision making. ● explain the various terms used in accounting and differentiate between different related terms like current and non-current, capital and revenue. ● give examples of terms like business transaction, liabilities, assets, receipts, expenditure and purchases. ● explain that sales/purchases include both cash and credit sales/purchases relating to the accounting year. ● differentiate among income, profits and gains. ● state the meaning of fundamental accounting assumptions and their relevance in accounting. ● describe the meaning of accounting principles and the situation in which a principle is applied during the accounting process. ● explain the meaning and objectives of accounting standards. ● appreciate that various accounting standards developed nationally and globally are in

	<p>practice for bringing parity in the accounting treatment of different items.</p> <ul style="list-style-type: none"> ● acknowledge the fact that recording of accounting transactions follows double entry system. ● explain the bases of recording accounting transaction and to appreciate that accrual basis is a better basis for depicting the correct financial position of an enterprise.
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Unit-2: Accounting Process

95 Periods

Units/Topics	Learning Outcomes
<p>Recording of Transactions 23 Periods</p> <ul style="list-style-type: none"> ● 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/ supporting vouchers (invoice, cash memo, pay in slip, cheque etc.), debit note, credit note, preparation of accounting 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 bank columns and petty cash book. ● Other books: purchases book, sales book, purchases returns book, sales returns book and journal proper. <p>Preparation of Bank Reconciliation Statement, Ledger and Trial Balance 23 Periods</p> <ul style="list-style-type: none"> ● Bank reconciliation statement- concept, calculating bank balance at an 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} <p>Depreciation, Provisions and Reserves. 16 Periods</p> <ul style="list-style-type: none"> ● Depreciation: concept, need and factors affecting depreciation; methods of computation of depreciation: straight line method, written 	<p>After going through this Unit, the students will be able to:</p> <ul style="list-style-type: none"> ● explain the concept of accounting equation and appreciate that every transaction affects either both the sides of the equation or a positive effect on one item and a negative effect on another item on the same side of accounting equation. ● explain the effect of a transaction (increase or decrease) on the concerned assets, liabilities, capital, revenue and expenses. ● appreciate that on the basis of source documents, accounting vouchers are prepared for recording transaction in the books of accounts. ● develop the understanding of recording of transactions in journal. ● explain the purpose of maintaining a Cash Book and develop the skill of preparing the format of different types of cash books and the method of recording cash transactions in Cash book. ● 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

<p>down value method (excluding change in method)</p> <ul style="list-style-type: none"> 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. <p>Accounting for Bills of Exchange. 16 Periods</p> <ul style="list-style-type: none"> 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, dishonor of bill, noting of bill , retirement and renewal of a bill. Accounting treatment of bill transactions. ' <p>Rectification of Errors 17 Periods</p> <ul style="list-style-type: none"> Errors: types-errors of omission, commission, principles, and compensating; their effect on Trial Balance. Detection and rectification of errors; preparation of suspense account. 	<p>develop the skill of ledger posting.</p> <ul style="list-style-type: none"> state the need and objectives of preparing trial balance and develop the skill of preparing trial balance. 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. appreciate that errors may be committed during the process of accounting. understand the meaning of different types of errors and their effect on trial balance. develop the skill of identification and location of errors and their rectification and preparation of suspense account.
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Part B: Financial Accounting - II

40 Marks

Unit 3: Financial Statements of Sole Proprietorship: From Complete and Incomplete Records 40 Periods

Units/Topics	Learning Outcomes
<ul style="list-style-type: none"> Financial statements: objective and importance. Trading and profit and loss account: gross 	<p>After going through this Unit, the students will be able to:</p> <ul style="list-style-type: none"> state the meaning of financial statements the

<p>profit, operating profit and net profit.</p> <ul style="list-style-type: none"> ● 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, abnormal loss, goods taken for personal use, goods distributed as free samples and manager’s commission. ● Preparation of Trading and Profit and Loss account and Balance Sheet of sole proprietorship. ● Incomplete records: uses and limitations. ● Ascertainment of profit/loss by statement of affairs method. 	<p>purpose of preparing financial statements.</p> <ul style="list-style-type: none"> ● state the meaning of gross profit, operating profit and net profit and develop the skill of preparing trading and profit and loss account. ● explain the need for preparing balance sheet. ● understand the technique of grouping and marshalling of assets and liabilities. ● appreciate that there may be certain items other than those shown in trial balance which may need adjustments while preparing financial statements. ● develop the understanding and skill to do adjustments for items and their presentation in financial statements like depreciation, closing stock, provisions etc. ● develop the skill of preparation of trading and profit and loss account and balance sheet. ● state the meaning of incomplete records and their uses and limitations. ● develop the understanding and skill of computation of profit / loss using the statement of affairs method.
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Unit 4: Financial Statements of Not-for-Profit Organizations

30 Periods

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

Units/Topics	Learning Outcomes
<ul style="list-style-type: none"> ● 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 Management Information System. ● 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. <p>Scope:</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>After going through this Unit, the students will be able to:</p> <ul style="list-style-type: none"> ● state the meaning of a computer, describe its components, capabilities and limitations. ● state the meaning of accounting information system. ● appreciate the need for use of computers in accounting for preparing accounting reports. ● develop the understanding of comparing the manual and computerized accounting process and appreciate the advantages and limitations of automation. ● understand the different kinds of accounting software.

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:

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|-------------------------|-------------------------------|--------------------------|
| 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 Sareeshop | 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 items is given below.

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| 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.

Suggested Question Paper Design Accountancy (Code No. 055) Class XI (2017-18)
March 2018 Examination

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	Remembering - (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	Understanding - (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	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)	-	-	2	1	1	22	25%
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 - (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%
	TOTAL	6x1=6	6x3=18	5x4=20	5x6=30	2x8=16	90 (24) 100%	100

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.