

ACCOUNTS (858)

Aims:

1. To provide an understanding of the principles of accounts and practice in recording transactions and interpreting individual as well as company accounts.
2. To develop an understanding of the form and classification of financial statements as a means of communicating financial information.

CLASS XI

There will be one paper of 3 hours duration of 100 marks divided into two parts.

Part I (30 marks) will be compulsory and will consist of **two questions** based on the entire syllabus

Question 1 (20 marks) will include compulsory short answer questions, testing knowledge, application and skills relating to elementary/ fundamental aspects of the syllabus.

Question 2 (10 marks) will be a compulsory numerical question.

Part II (70 marks): Candidates will be required to answer **five** questions out of **eight** questions from this section. Each question shall carry 14 marks.

1. Basic Accounting Concepts

Background of accounting and accountancy: knowledge and understanding of GAAP; accounts - types and classification; basic terms used in accounting, Accounting Standards and Accounting Equation.

2. Journal and Ledger

- (i) Journal: recording of entries in journal with narration.
- (ii) Ledger: posting from journal to respective ledgers.

3. Cash Book and Bank Reconciliation Statement

- (i) Cash book (including petty cash book): single column; double column; triple column.
- (ii) Bank reconciliation statement.

4. Trial Balance, Rectification, Capital and Revenue Expenditure and Income

- (i) Trial balance.
- (ii) Errors and types of errors: errors of omission; errors of commission; errors of principles; compensating errors.
- (iii) Capital and revenue expenditure/income.

5. Depreciation, Provisions and Reserves

- (i) Depreciation.
- (ii) Methods of charging depreciation (straight line and WDV method).
- (iii) Application of depreciation with the above mentioned methods: problems with purchase and sale of assets. Change in method (Retrospective method as per AS - 6)
- (iv) Provisions and Reserves.

6. Final Accounts and Manufacturing Accounts – Concept of Manufacturing, Trading, Profit and Loss account and Balance Sheet (with and without adjustments), Marshalling of Balance Sheet

- (i) Concept of Manufacturing Accounts.
- (ii) Meaning and preparation of Manufacturing, Trading, Profit and Loss account and Balance Sheet of sole tradership. (Horizontal format) – without adjustments.
- (iii) Preparation of Trading Account, Profit and Loss Account and Balance Sheet with necessary adjustments.
- (iv) Marshalling of a Balance Sheet: Order of liquidity and Order of permanence.

7. Single Entry - Accounts from incomplete records

- (i) Single entry and difference with double entry.
- (ii) Ascertainment of profit/loss by statement of affairs method including application.
- (iii) Application to Problems.

8. Non Trading Organisation

- (i) Non trading organization: meaning, objectives, necessity and treatment of specific items.
- (ii) Different books maintained and differences between them.
- (iii) Application of non-trading exercises involving: preparation of Receipts and Payments Account; Income and Expenditure

Account and Opening and Closing Balance Sheet.

9. Bills of Exchange

- (i) Introduction to Negotiable Instruments: explanation of basic terms.
- (ii) Applications to practical problems/exercises.

10. Introduction to the use of Computers in Accounting

- (i) Applications of Computers in Accounting.
- (ii) Comparison of Manual and Computerized Accounting.
- (iii) Accounting Software.

CLASS XII

There will be one paper of 3 hours duration of 100 marks divided into two parts.

Part I (30 marks) will be compulsory and will consist of two questions based on the entire syllabus

Question 1 (20 marks) will include compulsory short answer questions, testing knowledge, application and skills relating to elementary/ fundamental aspects of the syllabus.

Question 2 (10 marks) will be a compulsory numerical question.

Part II (70 marks): Candidates will be required to answer five questions out of eight questions from this section. Each question shall carry 14 marks.

1. Inventory Valuation

- (i) Inventory Valuation.
- (ii) Meaning of goods received note, stores requisition note, material return note and materials transfer note.
- (iii) Methods of inventory valuation.
- (iv) Meaning and format of a Bin Card

- (v) Practical problems on LIFO and FIFO including surplus and returns; normal and abnormal losses.

2. Cost Sheet

- (i) Concept of cost sheet.
- (ii) Application of cost sheet.

3. Joint Venture

Joint Venture: objectives; necessity and methods of accounting (recording of transactions in the books of one Joint Venturer, recording of transactions in the books of all Joint Venturers, recording of transactions in separate set of books).

4. Self Balancing and Sectional Balancing System

- (i) Meaning of Self Balancing System and application of the system in solving practical problems.
- (ii) Meaning of Sectional Balancing System and application of the system in solving practical problems.

5. Partnership Accounts

- (i) Partnership: definition, features – meaning and importance of partnership deed.
- (ii) Practical problems on preparation of Profit and Loss Appropriation Account and Capital Accounts.
- (iii) Admission: Goodwill - concept and mode of valuation.
- (iv) Accounting treatment of goodwill on admission of a partner.
- (v) Preparation of Revaluation Account or Memorandum Revaluation Account.
- (vi) Accounting treatment of accumulated profits and losses and Joint Life Policy.
- (vii) Adjustment of Capitals.
- (viii) Retirement and death of a partner.
- (ix) Preparation of Revaluation Account or Memorandum Revaluation Account on retirement or death of a partner and construction of loan account and adjustment of capital as per new ratio.
- (x) Dissolution.
 - (a) Meaning of dissolution, modes of dissolution, modes of settlement of accounts.
 - (b) Preparation of Realization Account.
 - (c) Treatment of undistributed profits and losses and Joint Life Policy.
 - (d) Preparation of Cash / Bank Account.
 - (e) Where at least one partner is insolvent
 - Prior to ruling in Garner Vs Murray.
 - Application of Garner Vs Murray.
 - Application of Garner Vs Murray in Indian context.(With reference to fixed and fluctuating capital).
 - (f) Where all partners are insolvent.

6. Joint Stock Company Accounts

A. Issue of Shares.

Application of problems on issue of shares.

- (a) Issue of shares at par, premium or at discount under Companies Act.
- (b) Issue of shares for considerations other than cash:
 - To promoters.
 - To underwriters.
 - To vendors.
- (c) Calls in arrears, calls in advance and interest thereon.
- (d) Over and undersubscription (including prorata allotment).
- (e) Forfeiture and reissue of shares.

B. Issue of Debentures

Application of problems on issue of debentures – at par, at discount or at premium.

C. Final Accounts of Companies

Application of Schedule VI of Companies Act including Profit and Loss Appropriation Account of companies.

7. Cash Flow Statement and Ratio Analysis

- (i) Meaning, importance and preparation of a Cash Flow Statement.
- (ii) Calculation of net cash flows from operating activities based on Indirect Method only.
- (iii) Preparation of Cash Flow Statement on basis of operating, investing and financing activities.
- (iv) Ratio Analysis.
- (v) Application of ratio analysis including calculations of various ratios (excluding interpretation, analysis, comparisons, conclusions and the preparation of Trading, Profit & Loss Account and Balance Sheet).