# 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 accounting treatment of GST is confined to the syllabus of class XI.

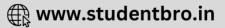
The increased role of ICT in all walks of life cannot be overemphasized and is becoming an integral part of business operations. The learners of accounting are introduced to Computerized Accounting System at class XI and XII. Computerized Accounting System is a compulsory component which is to be studied 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) Course Structure Class-XI (2024-25)

Theory: 80 Marks

# Project: 20 Marks

3 Hours

Units		Periods	Marks
Part A: F	inancial Accounting-1		
	Unit-1: Theoretical Framework	25	12
	Unit-2: Accounting Process	115	44
Part B: F	inancial Accounting-II		
	Unit-3: Financial Statements of Sole Proprietorship	60	24
Part C: F	Project Work	20	20

# PART A: FINANCIAL ACCOUNTING - I

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

Units/Topics Learning Outcomes			
Introduction to Accounting	After going through this Unit, the students will be		
Accounting- concept, meaning, as a source	able to:		
of information, objectives, advantages and	describe the meaning, significance,		
limitations, types of accounting information;	objectives, advantages and limitations of		
users of accounting information and their	accounting in the modem economic		
needs. Qualitative Characteristics of	environment with varied types of business		
Accounting Information. Role of Accounting in	and non-business economic entities.		
Business.	<ul> <li>identify / recognise the individual(s) and</li> </ul>		
Basic Accounting Terms- Entity, Business	entities that use accounting information for		
Transaction, Capital, Drawings. Liabilities	serving their needs of decision making.		
(Non Current and Current). Assets (Non	explain the various terms used in accounting		
Current, Current); Expenditure (Capital and	and differentiate between different related		
Revenue), Expense, Revenue, Income,	terms like current and non-current, capital		
Profit, Gain, Loss, Purchase, Sales, Goods,	and revenue.		
Stock, Debtor, Creditor, Voucher, Discount	<ul> <li>give examples of terms like business</li> </ul>		
(Trade discount and Cash Discount)	transaction, liabilities, assets, expenditure		
	and purchases.		
Theory Base of Accounting	explain that sales/purchases include both		
Fundamental accounting assumptions:	cash and credit sales/purchases relating to		
GAAP: Concept	the accounting year.		
Basic Accounting Concept : Business Entity,			



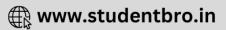
Money Measurement, Going Concern,	<ul> <li>differentiate among income, profits and gains.</li> </ul>
Accounting Period, Cost Concept, Dual	• state the meaning of fundamental accounting
Aspect, Revenue Recognition, Matching, Full	assumptions and their relevance in
Disclosure, Consistency, Conservatism,	accounting.
Materiality and Objectivity	describe the meaning of accounting
System of Accounting. Basis of Accounting:	assumptions and the situation in which an
cash basis and accrual basis	assumption is applied during the accounting
Accounting Standards: Applicability of	process.
Accounting Standards (AS) and Indian	• explain the meaning, applicability, objectives,
Accounting Standards (IndAS)	advantages and limitations of accounting
Goods and Services Tax (GST):	standards.
Characteristics and Advantages.	appreciate that various accounting standards
	developed nationally and globally are in
	practice for bringing parity in the accounting
	treatment of different items.
	<ul> <li>acknowledge the fact that recording of</li> </ul>
	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.
	Explain the meaning, advantages and
	characteristic of GST.

# **Unit-2: Accounting Process**

Units/Topics	Learning Outcomes	
Recording of Business Transactions	After going through this Unit, the students will be	
Voucher and Transactions: Source	able to:	
documents and Vouchers, Preparation of	• explain the concept of accounting equation	
Vouchers, Accounting Equation Approach:	and appreciate that every transaction affects	
Meaning and Analysis, Rules of Debit and	either both the sides of the equation or a	
Credit.	positive effect on one item and a negative	
Recording of Transactions: Books of Original	effect on another item on the same side of	
Entry- Journal	accounting equation.	
Special Purpose books:	explain the effect of a transaction (increase of	
Cash Book: Simple, cash book with bank	decrease) on the assets, liabilities, capital,	
column and petty cashbook	revenue and expenses.	

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- Purchases book
- Sales book
- Purchases return book
- Sales return book
- Journal proper

# Note: Including trade discount, freight and cartage expenses for simple GST calculation.

 Ledger: Format, Posting from journal and subsidiary books, Balancing of accounts

#### **Bank Reconciliation Statement:**

 Need and preparation, Bank Reconciliation Statement

#### **Depreciation, Provisions and Reserves**

- Depreciation: Meaning, Features, Need, Causes, factors
- Other similar terms: Depletion and Amortisation
- Methods of Depreciation:
  - i. Straight Line Method (SLM)
  - ii. Written Down Value Method (WDV)

#### Note: Excluding change of method

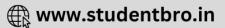
- Difference between SLM and WDV; Advantages of SLM and WDV
- Method of recoding depreciation
   i. Charging to asset account
  - ii. Creating provision for

depreciation/accumulated depreciation account

- Treatment of disposal of asset
- Provisions, Reserves, Difference Between Provisions and Reserves.
- Types of Reserves:
  - i. Revenue reserve
  - ii. Capital reserve
  - iii. General reserve
  - iv. Specific reserve v. Secret Reserve
- Difference between capital and revenue reserve

- 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 and the skill of calculating GST.
- 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 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





#### Trial balance and Rectification of Errors also making provisions for events which may Trial balance: objectives, meaning and belong to the current year but may happen in preparation next year. (Scope: Trial balance with balance method only) appreciate the difference between reserve Errors: classification-errors of omission, and reserve fund. commission, principles, and compensating; state the need and objectives of preparing their effect on Trial Balance. trial balance and develop the skill of Detection and rectification of errors; preparing trial balance. (i) Errors which do not affect trial balance appreciate that errors may be committed (ii) Errors which affect trial balance during the process of accounting. preparation of suspense account. understand the meaning of different types of errors and their effect on trial balance. develop the skill of identification and location

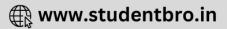
of errors and their rectification and preparation of suspense account.

# Part B: Financial Accounting - II

#### Unit 3: Financial Statements of Sole Proprietorship

Units/Topics	Learning Outcomes		
Financial Statements	After going through this Unit, the students will be		
Meaning, objectives and importance; Revenue and	able to:		
Capital Receipts; Revenue and Capital Expenditure;	state the meaning of financial statements the		
Deferred Revenue expenditure. Opening journal	• purpose of preparing financial statements.		
entry. Trading and Profit and Loss Account: Gross	state the meaning of gross profit, operating		
Profit, Operating profit and Net profit. Preparation.	profit and net profit and develop the skill of preparing trading and profit and loss account.		
Balance Sheet: need, grouping and marshalling of	<ul> <li>explain the need for preparing balance sheet.</li> </ul>		
assets and liabilities. Preparation. Adjustments in	<ul> <li>understand the technique of grouping and</li> </ul>		
preparation of financial statements with respect to	marshalling of assets and liabilities.		
closing stock, outstanding expenses, prepaid	appreciate that there may be certain items		
expenses, accrued income, income received in	other than those shown in trial balance which		
advance, depreciation, bad debts, provision for	may need adjustments while preparing		
doubtful debts, provision for discount on debtors,	financial statements.		
Abnormal loss, Goods taken for personal use/staff	develop the understanding and skill to do		
welfare, interest on capital and managers	adjustments for items and their presentation		
commission. Preparation of Trading and Profit and	in financial statements like depreciation,		
Loss account and Balance Sheet of a sole	closing stock, provisions, abnormal loss etc.		
proprietorship with adjustments.	develop the skill of preparation of trading and		
	profit and loss account and balance sheet.		





Incomplete Records
Features, reasons and limitations.
Ascertainment of Profit/Loss by Statement of Affairs
method. (excluding conversion method)

# Part C: Project Work (Any One)

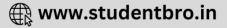
1. Collection of source documents, preparation of vouchers, recording of transactions with the help of vouchers.

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. This may include simple GST related transactions.

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# **PROJECT WORK**

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.

#### **Specific Guidelines for Teachers**

Give a list of options to the students to select a business form. You can add to the given list:

14. Artificial jewellery shop

15. A small restaurant

10. Men's wear

11. Ladies wear

12. Kiddies wear

13. A Saree shop

- 1. A beauty parlour
- 2. Men's saloon
- 3. A tailoring shop
- 4. A canteen
- 5. A cake shop
- 6. A confectionery shop
- 7. A chocolate shop

9. A stationery shop

- 8. A dry cleaner
- 16. A sweet shop 17. A grocery shop
  - A shap shap
  - 18. A shoe shop

- 19. A coffee shop 20. A music shop
- 21. A juice shop
- 22. A school canteen
- 23. An ice cream parlour
- 24. A sandwich shop
- 25. A flower shop
- o. A nower 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 item is given below.

- 1. Rent
- 2. Advance rent [approximately three months]
- 3. Electricity deposit
- 4. Electricity bill
- 5. Electricity fitting
- 6. Water bill
- 7. Water connection security deposit
- 8. Water fittings
- 9. Telephone bill
- 10. Telephone security deposit
- 11. Telephone instrument
- 12. Furniture
- 13. Computers
- 14. Internet connection
- 15. Stationery
- 16. Advertisements
- 17. Glow sign
- 18. Rates and Taxes

- 19. Wages and Salary
- 20. Newspaper and magazines
- 21. Petty expenses
- 22. Tea expenses
- 23. Packaging expenses
- 24. Transport
- 25. Delivery cycle or a vehicle purchased
- 26. Registration
- 27. Insurance
- 28. Auditors fee
- 29. Repairs & Maintenance
- 30. Depreciations
- 31. Air conditioners
- 32. Fans and lights
- 33. Interior decorations
- 34. Refrigerators

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35. Purchase and sales

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.

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# Suggested Question Paper Design Accountancy (Code No. 055) Class XI (2024-25)

Theory: 80 Marks Project: 20 Marks 3 hrs.

S N	Typology of Questions	Marks	Percentage
1	Remembering and Understanding: Exhibit memory of previously learned material by recalling facts, terms, basic concepts, and answers. Demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions, and stating main ideas	44	55%
3	<b>Applying</b> : Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way.	19	23.75%
4	Analysing, Evaluating and Creating: Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalizations. Present and defend opinions by making judgments about information, validity of ideas, or quality of work based on a set of criteria. Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.	17	21.25%
	TOTAL	80	100%

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