ACCOUNTANCY (Subject Code 055) Class XII (2025-26)

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.

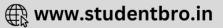
The increased role of ICT in all walks of life cannot be overemphasized and is becoming an integral part of business operations. The learners of accounting are introduced to Computerized Accounting System at class XI and XII. Computerized Accounting System is a compulsory component which is to be studied 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 (Subject Code 055) Class-XII (2025-26)

Theory: 80 Marks Project: 20 Marks 3 Hours

Units			Marks
Part A	Accounting for	Partnership Firms and Companies	
	Unit 1. Accounting for Partnership Firms		36
	Unit 2. Accountin	g for Companies	24
			60
Part B	Financial Staten	nent Analysis	
	Unit 3. Analysis of Financial Statements		12
	Unit 4. Cash Flow Statement		8
			20
Part C	Project Work		20
	Project work will	include:	
	Project File	12 Marks	
	Viva Voce	8 Marks	
	Or		
Part B	Computerized Accounting		
	Unit 4. Computerized Accounting		20
Part C	Practical Work		20
	Practical work will include:		
	Practical File 12 Marks		
	Viva Voce 8 Marks		

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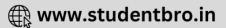


Part A: Accounting for Partnership Firms and Companies

Unit 1: Accounting for Partnership Firms

Units/Topics	Learning Outcomes
Partnership: features, Partnership Deed.	After going through this Unit, the students will be
• Provisions of the Indian Partnership Act 1932	able to:
in the absence of partnership deed.	state the meaning of partnership, partnership
• Fixed v/s fluctuating capital accounts.	firm and partnership deed.
Preparation of Profit and Loss Appropriation	describe the characteristic features of
account- division of profit among partners,	partnership and the contents of partnership
guarantee of profits.	deed.
 Past adjustments (relating to interest on 	discuss the significance of provision of
capital, interest on drawing, salary and profit	Partnership Act in the absence of partnership
sharing ratio).	deed.
Goodwill: meaning, nature, factors affecting	differentiate between fixed and fluctuating
and methods of valuation - average profit,	capital, outline the process and develop the
super profit and capitalization.	understanding and skill of preparation of
	Profit and Loss Appropriation Account.
Note: Interest on partner's loan is to be treated as a	develop the understanding and skill of
charge against profits.	preparation profit and loss appropriation
Goodwill: meaning, factors affecting, need for	account involving guarantee of profits.
valuation, methods for calculation (average profits,	develop the understanding and skill of
super profits and capitalization), adjusted through	making past adjustments.
partners capital/ current account.	• state the meaning, nature and factors
	affecting goodwill
Accounting for Partnership firms - Reconstitution	develop the understanding and skill of
and Dissolution.	valuation of goodwill using different methods.
Change in the Profit Sharing Ratio among	state the meaning of sacrificing ratio, gaining
the existing partners - sacrificing ratio,	ratio and the change in profit sharing ratio
gaining ratio, accounting for revaluation of	among existing partners.
assets and reassessment of liabilities and	develop the understanding of accounting
treatment of reserves, accumulated profits	treatment of revaluation assets and
and losses. Preparation of revaluation	reassessment of liabilities and treatment of
account and balance sheet.	reserves and accumulated profits by
• Admission of a partner - effect of admission	preparing revaluation account and balance
of a partner on change in the profit sharing	sheet.
ratio, treatment of goodwill (as per AS 26),	• explain the effect of change in profit sharing
treatment for revaluation of assets and re-	ratio on admission of a new partner.
assessment of liabilities, treatment of	develop the understanding and skill of
reserves, accumulated profits and losses,	





adjustment of capital accounts and preparation of capital, current account and balance sheet.

- Retirement and death of a partner: effect of retirement / death of a partner on change in profit sharing ratio, treatment of goodwill (as per AS 26), treatment for revaluation of assets and reassessment of liabilities, adjustment of accumulated profits, losses and reserves, adjustment of capital accounts and preparation of capital, current account and balance sheet. Preparation of loan account of the retiring partner.
- Calculation of deceased partner's share of profit till the date of death. Preparation of deceased partner's capital account and his executor's account.
- Dissolution of a partnership firm: meaning of dissolution of partnership and partnership firm, types of dissolution of a firm. Settlement of accounts - preparation of realization account, and other related accounts: capital accounts of partners and cash/bank a/c (excluding piecemeal distribution, sale to a company and insolvency of partner(s)).

Note:

(i) If the realized value of tangible assets is not given it should be considered as realized at book value itself.
(ii) If the realized value of intangible assets is not given it should be considered as nil (zero value).
(ii) In case, the realization expenses are borne by a partner, clear indication should be given regarding the payment thereof.

treatment of goodwill as per AS-26, treatment of revaluation of assets and re-assessment of liabilities, treatment of reserves and accumulated profits, adjustment of capital accounts and preparation of capital, current account and balance sheet of the new firm.

- explain the effect of retirement / death of a partner on change in profit sharing ratio.
- develop the understanding of accounting treatment of goodwill, revaluation of assets and re-assessment of liabilities and adjustment of accumulated profits, losses and reserves on retirement / death of a partner and capital adjustment.
- develop the skill of calculation of deceased partner's share till the time of his death and prepare deceased partner's and executor's account.
- discuss the preparation of the capital accounts of the remaining partners and the balance sheet of the firm after retirement / death of a partner.
- understand the situations under which a partnership firm can be dissolved.
- develop the understanding of preparation of realisation account and other related accounts.

Unit-3 Accounting for Companies

Units/Topics	Learning Outcomes	
Accounting for Share Capital	After going through this Unit, the students will be	
Features and types of companies.	able to:	
Share and share capital: nature and types.	• state the meaning of share and share capital	



- Accounting for share capital: issue and allotment of equity and preferences shares. Public subscription of shares - over subscription and under subscription of shares; issue at par and at premium, calls in advance and arrears (excluding interest), issue of shares for consideration other than cash.
- Concept of Private Placement and Employee Stock Option Plan (ESOP), Sweat Equity.
- Accounting treatment of forfeiture and reissue of shares.
- Disclosure of share capital in the Balance Sheet of a company.

Accounting for Debentures

 Debentures: Meaning, types, Issue of debentures at par, at a premium and at a discount. Issue of debentures for consideration other than cash; Issue of debentures with terms of redemption; debentures as collateral security-concept, interest on debentures (concept of TDS is excluded). Writing off discount / loss on issue of debentures.

Note: Discount or loss on issue of debentures to be written off in the year debentures are allotted from Security Premium Reserve (if it exists) and then from Statement of Profit and Loss as Financial Cost (AS 16) and differentiate between equity shares and preference shares and different types of share capital.

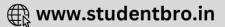
- understand the meaning of private placement of shares and Employee Stock Option Plan.
- explain the accounting treatment of share capital transactions regarding issue of shares.
- develop the understanding of accounting treatment of forfeiture and re-issue of forfeited shares.
- describe the presentation of share capital in the balance sheet of the company as per schedule III part I of the Companies Act 2013.
- explain the accounting treatment of different categories of transactions related to issue of debentures.
- develop the understanding and skill of writing of discount / loss on issue of debentures.
- understand the concept of collateral security and its presentation in balance sheet.
- develop the skill of calculating interest on debentures and its accounting treatment.
- state the meaning of redemption of debentures.

Part B: Financial Statement Analysis

Unit 4: Analysis of Financial Statements

Units/Topics	Learning Outcomes	
Financial statements of a Company:	After going through this Unit, the students will be	
Meaning, Nature, Uses and importance of financial	able to:	
Statement.	develop the understanding of major headings	
Statement of Profit and Loss and Balance Sheet in	and sub-headings (as per Schedule III to the	





prescribed form with major headings and sub headings (as per Schedule III to the Companies Act, 2013)

Note: Exceptional items, extraordinary items and profit (loss) from discontinued operations are excluded.

- Financial Statement Analysis: Meaning, Significance Objectives, importance and limitations.
- Tools for Financial Statement Analysis: Comparative statements, common size statements, Ratio analysis, Cash flow analysis.
- Accounting Ratios: Meaning, Objectives, Advantages, classification and computation.
- Liquidity Ratios: Current ratio and Quick ratio.
- Solvency Ratios: Debt to Equity Ratio, Total Asset to Debt Ratio, Proprietary Ratio and Interest Coverage Ratio. Debt to Capital Employed Ratio.
- Activity Ratios: Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio, Fixed Asset Turnover Ratio, Net Asset Turnover Ratio and Working Capital Turnover Ratio.
- Profitability Ratios: Gross Profit Ratio,
 Operating Ratio, Operating Profit Ratio, Net
 Profit Ratio and Return on Investment.

Companies Act, 2013) of balance sheet as per the prescribed norms / formats.

- state the meaning, objectives and limitations of financial statement analysis.
- discuss the meaning of different tools of 'financial statements analysis'.
- develop the skill of preparation of preparation of comparative and common size statement, understand their uses and difference between the two.
- state the meaning, objectives and significance of different types of ratios.
- develop the understanding of computation of current ratio and quick ratio.
- develop the skill of computation of debt equity ratio, total asset to debt ratio, proprietary ratio and interest coverage ratio.
- develop the skill of computation of inventory turnover ratio, trade receivables and trade payables ratio and working capital turnover ratio and others.
- develop the skill of computation of gross profit ratio, operating ratio, operating profit ratio, net profit ratio and return on investment.

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Note: Net Profit Ratio is to be calculated on the basis of profit before and after tax.

Unit 5: Cash Flow Statement

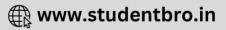
Units/Topics	Learning Outcomes	
Meaning, objectives Benefits, Cash and Cash	After going through this Unit, the students will	
Equivalents, Classification of Activities and	be able to:	
preparation (as per AS 3 (Revised) (Indirect	state the meaning and objectives of cash flow	
Method only)	statement.	

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	develop the understanding of preparation of	
Note:	Cash Flow Statement using indirect method	
(i) Adjustments relating to depreciation and	as per AS 3 with given adjustments.	
amortization, profit or loss on sale of assets including		
investments, dividend (both final and interim) and tax.		
(ii) Bank overdraft and cash credit to be treated as		
short term borrowings.		
(iii) Current Investments to be taken as Marketable		
securities unless otherwise specified.		

Note: Previous years' Proposed Dividend to be given effect, as prescribed in AS-4, Events occurring after the Balance Sheet date. Current years' Proposed Dividend will be accounted for in the next year after it is declared by the shareholders.





Project Work

One specific project based on financial statement analysis of a company covering any two aspects from the following:

- 1. Comparative and common size financial statements
- 2. Accounting Ratios
- Segment Reports
- 4. Cash Flow Statements

OR

Part B: Computerised Accounting

Unit 4: Computerised Accounting

Overview of Computerised Accounting System

- Introduction: Application in Accounting.
- Features of Computerised Accounting System.
- Structure of CAS.
- Software Packages: Generic; Specific; Tailored.

Accounting Application of Electronic Spreadsheet.

- Concept of electronic spreadsheet.
- Features offered by electronic spreadsheet.
- Application in generating accounting information bank reconciliation statement; asset accounting; loan repayment of loan schedule, ratio analysis
- Data representation- graphs, charts and diagrams.

Using Computerized Accounting System.

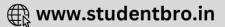
- Steps in installation of CAS, codification and Hierarchy of account heads, creation of accounts.
- Data: Entry, validation and verification.
- Adjusting entries, preparation of balance sheet, profit and loss account with closing entries and opening entries.
- Need and security features of the system.

Part C: Practical Work

Prescribed Books:

Financial Accounting -I	Class XI	NCERT Publication
Accountancy -II	Class XI	NCERT Publication
Accountancy -I	Class XII	NCERT Publication
Accountancy -II	Class XII	NCERT Publication
Accountancy – Computerised Accounting System	Class XII	NCERT Publication





Suggested Question Paper Design Accountancy (Subject Code 055) Class XII (2025-26)

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	32	40%
3	Applying : Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way.	24	30%
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.	24	30%
	TOTAL	80	100%



