

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 accounting concepts - matching entity accounting, cost concept; basis of accounting - objectives and necessity; accounts - types and classification; basic terms - capital income and expenditure, expenses, assets, liabilities; assignment and application to problems.

2. Journal and Ledger

- (i) Journal accounting concept: recording of entries in journal with narration.
- (ii) Double entry system.
- (iii) Ledger: posting from journal to respective ledger.

3. Cash Book and Bank Reconciliation Statement

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

- (iv) Application of bank reconciliation statement with amended cashbook.

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

- (i) Trial balance with needs and limitations.
- (ii) Application of trial balance.
- (iii) Errors and types of errors: errors of omission; errors of commission; errors of principles; compensating errors.
- (iv) Rectification with suspense a/c.
- (v) Capital and revenue expenditure/income.

5. Depreciation, Provision for Bad and doubtful Debts and Provision for Discounts

- (i) Depreciation needs and objectives.
- (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; current and retrospective change of method.
- (iv) Bad debts, provision for bad and doubtful debts, provision for discount on debtors and provision for discount on creditors.
- (v) Applications of provision for bad and doubtful debts and provision for discount on debtors and creditors; treatment in Profit and Loss a/c and Balance Sheet.

6. Final Accounts and Manufacturing Accounts

- (i) Concept of adjustment.
- (ii) Concept of Manufacturing Accounts i.e. to find out the cost of manufacturing.
- (iii) Application of profit and loss account i.e. to find out the net profit.

- (iv) Marshalling of a Balance Sheet: Order of liquidity and order of permanence.
- (v) Application with Final Accounts problems.
- (vi) Application of Manufacturing Accounts.

7. Bills of Exchange

- (i) Introduction of Bills of Exchange: explanation of basic terms.
- (ii) Application to practical problems/exercises.

8. Single Entry

- (i) Single entry and difference with double entry.
- (ii) Ascertainment of profit/loss by statement of affairs method.

- (iii) Application to Problems.
- (iv) Conversion into double entry system.
- (v) Application under conversion method.

9. Non Trading Organisation

- (i) Non trading organization: objectives and necessity.
- (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.

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. Concept of Cost Sheet and Stock

- (i) Concept of cost sheet.
- (ii) Application of cost sheet.
- (iii) Concept of store ledger: systems of valuation of stock: - L.I.F.O., F.I.F.O.; Methods of stock taking: (periodic & perpetual system) - advantages & disadvantages.
- (iv) Application of stock valuation under two methods.

2. Consignment and Joint Venture

- (i) Needs and objectives.
- (ii) Different commissions and their objectives.
- (iii) Applications of consignment problems in two parties' books at cost price procedure as also treatment of bad debts with two commissions including treatment of stock / goods lost in transit.
- (iv) 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*).
- (v) Applications of Joint Venture problems under the three different methods mentioned above [**excluding** conversion of consignment to Joint Venture].

3. Self Balancing and Sectional Balancing System

- (i) Meaning of self balancing and application of the system in solving practical problems.
- (ii) Meaning of sectional balancing and application of the system in solving practical problems

4. Partnership Accounts

- (i) Partnership: objectives; necessity; with or without agreement.
- (ii) Partner capitals: types - fixed and fluctuating, benefits and deductions and treatment including divisible profits.
- (iii) Application of profit and loss appropriation account together with capital and current accounts.
- (iv) Admission: goodwill - concept and mode of valuation.
- (v) Application of treatment of goodwill on admission of a partner.
- (vi) Application of revaluation accounts under different goodwill conditions.
- (vii) Application of treatment of capital adjustments on change of ratio.
- (viii) Goodwill on retirement or death of a partner.
- (ix) Application of revaluation account on retirement or death of a partner and construction of loan account and adjustment of capital as per new ratio.
- (x) Dissolution: reasons under partnership accounts.

Note: *Admission cum retirement and amalgamation of firms and conversion/sale to a company together with piecemeal distribution as well as joint life policy are excluded from the syllabus.*

5. Joint Stock Company Accounts

- (i) Nature of shares and debentures: issue of shares at par; at a premium or at a discount under Companies Act.
- (ii) Application of problems on issue of shares including calls in arrears; calls in advance; forfeiture and reissue.
- (iii) Application of problems on issue of debentures – at par, at discount and at premium.
- (iv) Application of Schedule VI of Companies Act including Profit and Loss appropriation a/c of companies.

6. Financial Statements and Ratio Analysis

- (i) Application of financial statement including: statement of working capital; fund flow statement and cash flow statement.
- (ii) Application of ratio analysis including calculations of various ratios (excluding interpretation, analysis, comparisons, conclusions and the preparation of trading, profit and loss account and balance sheet).