

# Accountancy Class 12<sup>th</sup> Syllabus

## Course Structure

Units	Chapters	Marks
Part A	Accounting for Partnership Firms and Companies	35
	Unit 1. Accounting for Partnership Firms	25
	Unit 2. Accounting for Companies	
Part B	Financial Statement Analysis	
	Unit 3. Analysis of Financial Statements	12
	Unit 4. Cash Flow Statement	8
Part C	Project Work	20
	<b>OR</b>	
Part B	Computerized Accounting	
	Unit 3. Computerized Accounting	20
Part C	Practical Work	20

## Part A: Accounting for Partnership Firms and Companies

### Unit 1: Accounting for Partnership Firms

Partnership: features, Partnership Deed.

Provisions of the Indian Partnership Act 1932 in the absence of partnership deed.

Fixed v/s fluctuating capital accounts. Preparation of Profit and Loss Appropriation account- division of profit among partners, guarantee of profits.

Past adjustments (relating to interest on capital, interest on drawing, salary and profit sharing ratio).

Goodwill: nature, factors affecting and methods of valuation - average profit, super profit and capitalization.

### Accounting for Partnership firms - Reconstitution and Dissolution.

**Change in the Profit Sharing Ratio** among the existing partners - sacrificing ratio, gaining ratio, accounting for revaluation of assets and reassessment of liabilities and treatment of reserves and accumulated profits. Preparation of revaluation account and balance sheet.

**Admission of a partner** - effect of admission of a partner on change in the profit sharing ratio, treatment of goodwill (as per AS 26), treatment for revaluation of assets and reassessment of liabilities, treatment of reserves and accumulated profits, adjustment of capital accounts and preparation of 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 and reserves, adjustment of capital accounts and preparation of 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, executor's account and preparation of balance sheet.

**Dissolution of a 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)).

## Unit-2 Accounting for Companies

### Accounting for Share Capital

Share and share capital: nature and types.

Accounting for share capital: issue and allotment of equity shares, private placement of shares, Employee Stock Option Plan (ESOP). 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.

Accounting treatment of forfeiture and re-issue of shares.

Disclosure of share capital in company's Balance Sheet.

### Accounting for Debentures

Debentures: 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.

Redemption of debentures: Lump sum, draw of lots and purchase in the open market (excluding ex-interest and cum-interest). Creation of Debenture Redemption Reserve.

Note: Related sections of the Indian Companies Act, 2013 will apply.

## Part B: Financial Statement Analysis

### Unit 3: Analysis of Financial Statements

**Financial statements of a company:** Statement of Profit and Loss and Balance Sheet in the prescribed form with major headings and sub headings (as per Schedule III to the Companies Act, 2013).

**Financial Statement Analysis:** Objectives, importance and limitations.

**Tools for Financial Statement Analysis:** Comparative statements, common size statements, cash flow analysis, ratio analysis.

**Accounting Ratios:** Objectives, 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.

**Activity Ratios:** Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio and Working Capital Turnover Ratio.

**Profitability Ratios:** Gross Profit Ratio, Operating Ratio, Operating Profit Ratio, Net Profit Ratio and Return on Investment.

### Unit 4: Cash Flow Statement

Meaning, objectives and preparation (as per AS 3 (Revised) (Indirect Method only))

## Part B: Computerised Accounting

### Unit 3: 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.

## **Database Management System (DBMS)**

- Concept and Features of DBMS.
- DBMS in Business Application.
- Generating Accounting Information - Payroll.