

Book-Keeping and Accountancy (50)

Introduction

A person who invests his hard earned money into business whether big or small expects good returns. To calculate returns businessman has to maintain systematic record of all transactions. One of the primary function of accounting is to provide vital information for decision making to external and internal users. Book Keeping being defined as systematic record of business transactions achieves this purpose. Also partnership Act, Companies Act, Co-operative Societies Act makes it mandatory to keep records systematically for knowing operating results.

Book-keeping and Accountancy is one of the core subjects in Commerce faculty. It is a compulsory subject at graduate and post-graduate level. Book-keeping is no doubt one of the most interesting, practically relevant and important subject for students aspiring professional courses like C.A. C.S and I.C.W.A.I.

The object of introducing this subject at Std. XI is to develop conceptual understanding of principles of accounting system which identifies, analyses, classifies, measures, summaries and records all business transactions in significant manner in separate set of books.

The business transactions are first recorded in primary books and subsequently posted in the ledger. At the end of accounting year it helps in presenting the financial position and result of operation of that business. Hence accounting is regarded as the language of business.

Book Keeping and Accountancy is both a science as well as an art. As a science

teacher, commerce teacher must follow basis assumptions and postulates systematically to understand why a particular thing is done in a particular manner. As an Art students, commerce students should be able to apply the skill in maintaining books of account.

The role of accounting has been diverging with the changes in the economic trend as well as the effect of Globalisation, Liberalisation and Privatisation. The Board of studies for Book Keeping and Accountancy has diverted its efforts to make the syllabus more innovative, informative and practical oriented which will enable students to face challenges posed in today's competitive era.

Objectives

To enable the students to

1. Acquire knowledge of basic terms, definitions, concepts and conventions of Book-Keeping and Accountancy.
2. Understand business transactions and their effects on business operations.
3. Study different documents used for business transactions by knowing their contents and formats.
4. Know and practice the basic principles of Book-Keeping and Accountancy.
5. Understand and practice the contents and specimen of various books of account.
6. Develop the skill of calculations and accuracy.
7. Develop the technique of entering the transactions into the books of accounts with the understanding of their ultimate effect on final accounts.
8. Prepare the final accounts of proprietary concern, partnership firm, not for profit



- organization and learn to analyze them.
9. Ascertain profit or loss from incomplete records.
 10. Learn to use computer in accounting.

Std. XI

Sr.No.

Topic

1. A. Introduction of Book-keeping and Accountancy

- A.1 Meaning and definition
- A.2 Objectives
- A.3 Importance and Utility
- A.4 Difference between Book-Keeping and Accountancy
- A.5 Basis of Accounting - Cash basis and Accrual basis.
- A.6 Qualitative characteristics of accounting information
- A.7 Financial Accounting, Cost Accounting, Management Accounting

B. Basic Accounting Terminologies

- B.1 Business Transactions - Cash Transactions and Credit Transactions
- B.2 Goods
- B.3 Profit, loss-Operating and Non-operating profits, Normal gains and abnormal gains with examples. Difference between profit and Income
- B.4 Assets, Liabilities, Net-worth/ Owners Equity Assets: Fixed/ Current/Tangible/ Intangible/ fictitious
- B.5 Contingent Liability
- B.6 Capital, Drawings
- B.7 Debtors, Creditors
- B.8 Capital Expenditure, Revenue and Deferred Revenue Expenditure

- B.9 Cash discount and Trade discount
- B.10 Solvent and Insolvent
- B.11 Accounting Year
- B.12 Trading Concerns and 'Not for Profit' Concerns
- B.13 Goodwill

C. Accounting Concepts, Conventions and Principles and Indian Accounting standards concepts and objectives

- C.1 Meaning and Importance
- C.2 Business Entity
- C.3 Money measurement
- C.4 Cost
- C.5 Consistency
- C.6 Conservatism
- C.7 Going Concern
- C.8 Realization
- C.9 Accrual
- C.10 Dual Aspect
- C.11 Disclosure
- C.12 Materiality
- C.13 Revenue
- C.14 Matching
- C.15 Accounting Standards

2. A. Meaning and fundamentals of Double Entry Book-keeping System

- A.1 Study of Double Entry Book-keeping system.
- A.2 Advantages of Double Entry Book-keeping system.
- A.3 Comparison of Double Entry Book-keeping system with Conventional Accounting system.

B. Classification of Accounts and Accounting equations Rules

- B.1 Types of accounts-personal, Impersonal accounts- Real



- accounts, Nominal accounts.
- B.2 Rules for different accounts for passing entries.
- B.3 Illustrations
- B.4 Accounting equations Assets, Liabilities, Revenue and capital expenses
- B.5 Brief: Explanation about IFRS
- 3. Source documents required for Accounting**
- 3.1 Meaning, contents and specimen.
- 3.2 Voucher-internal, external voucher
- 3.3 Petty cash and cash voucher
- 3.4 Cash and Credit memo
- 3.5 Receipt
- 3.6 Debit and Credit note
- 3.7 Pay-in-slip
- 3.8 Withdrawal slip
- 3.9 Cheque-Bearer, Order, Crossed, Account payee
- 3.10 Bank pass book, Bank Statement and Bank advice
- 4 Journal**
- 4.1 Meaning, Importance and utility of Journal.
- 4.2 Specimen of Journal
- 4.3 Writing of Journal entries
- 5. Subsidiary Books**
- 5.1 Meaning, need and specimen of different Subsidiary Books.
- 5.2 Simple Cash Book with cash column only
- 5.3 Cash Book with cash and bank columns
- 5.4 Analytical Petty Cash Book-imprest system.
- 5.5 Purchase Book
- 5.6 Sales Book
- 5.7 Purchase Return Book
- 5.8 Sales Return Book
- 5.9 Bank Book
- 5.10 Journal Proper, Transactions of Discounts to be taken in Journal Proper
- 6. Ledger**
- 6.1 Meaning, need and contents of ledger be explained
- 6.2 Specimen of ledger
- 6.3 Posting of entries from Subsidiary books to ledger
- 6.4 Balancing of ledger accounts.
- 7. Bank Reconciliation Statement**
- 7.1 Meaning, need and importance
- 7.2 Reasons for difference in bank balance as per cash book and balance as per bank pass book
- 7.3 Specimen of Bank Reconciliation Statement
- 7.4 Preparation of Bank Reconciliation Statement
- 8. Trial balance**
- 8.1 Meaning and Purpose
- 8.2 Specimen of Trial Balance
- 8.3 Preparation of Trial Balance from given balances of accounts.
- 9. Errors and their rectification**
- 9.1 Meaning and effects of errors.
- 9.2 Types of errors - Errors of principles, Errors of Ommission, Errors of commission and Compensating Errors.
- 9.3 Steps to locate errors
- 9.4 Errors affecting and not affecting Trial Balance
- 9.5 Treatment of balance of suspense account
- 9.6 Rectification entries
- 10. Depreciation, Provisions and Reserves**
- 10.1 Depreciation : Meaning, Need and Factors affecting depreciation.



- 10.2 Methods of computation of Depreciation : Straight Line Method, Written Down Value Method (Excluding Change in method)
- 10.3 Accounting Treatment of Depreciation : By charging to asset account by creating Provision for depreciation / accumulated depreciation account.
- 10.4 Provisions and Reserves : Meaning, Objectives and Difference between provisions and Reserves.
- 10.5 Types of Reserves : Revenue Reserve, Capital Reserve, General Reserve, Specific reserves, Secret reserves.

11. Financial statements of Proprietary concern

Financial Statements- Meaning, objective and Importance

- 11.1 Preparation of Trading Account
- 11.2 Preparation of Profit and Loss Account
- 11.3 Preparation of Balance Sheet
- 11.4 Effects of following adjustments only
- Closing stock
 - Depreciation
 - Bad and Doubtful debts
 - Provision for discount on Debtors and Creditors
 - Outstanding expenses
 - Prepaid expenses
 - Accrued income
 - Income received in advance
 - Drawings
 - Goods distributed as free sample

12. Computer in Accounting

- 12.1 Introduction to Computer Accounting

System :

Components of CAS, Features, Grouping of Accounts, using software of C.A.S.

- 12.2 Application of computer accounting
- Automation of accounting process, designing accounting reports, data exchange with other information system.

Project Work

- A study of non-operating expenses of proprietary concern with examples and documents.
- A study of various policies of company as AS-2, AS-6 and AS-10 from annual report.
- A comparative study of conventional and modern system of accounting.
- Analytical study of all assets or documents in your family.
- Collection of all types of documents used in the banks and office.
- A report on organised exhibition on all source documents in your college.
- Visit to any proprietary concern and preparation of journal of 8 days with the help of business transactions.
- A record of different imaginary transactions for 10 days of a new business with capital of ₹ 1,00,000, like Stationery shop / Newspaper stall / Medical store / Vegetable stall.
- A study of account books maintained by Mahila Bachat Gat in your area and preparation of financial report.'
- Ledger accounts and trial balance of any business concern with the help of a journal.



11. A report on procedure for opening various types of bank accounts.
12. A visit to factory or workshop or small scale industry and a study of various methods adopted for calculation of depreciation.
13. Final Accounts with the help of journal / subsidiary books of sole trading concern.
14. Journalising of household transactions for a month.
15. Effects on purchasing power of a customer due to discount.
16. Classification of family activities into monetary and non-monetary activities.
17. Preparation of Bank Reconciliation Statement from given extracts of Cash book and Pass book balances. (at least 15 reasons expected).
18. An analytical study of 25 different ledger accounts.
19. A project on the types of accounts related to goods.
20. Any one Accounting Package.

Note :

The above list of projects is given only as guidelines. Students are free to select any topic for project related to the syllabus.

Std. XII**Sr. No.****Topic****1. Introduction to Partnership**

- 1.1 Meaning and definitions
- 1.2 The Indian partnership Act 1932
- 1.3 Methods of capital accounts
 - i) Fixed Capital Method
 - ii) Fluctuating Capital Method

2. Partnership Final Accounts

- 2.1 Introduction and Necessity of

preparation of Final Accounts with following adjustments.

Adjustments

- a. Closing stock
- b. Outstanding expenses
- c. Prepaid expenses
- d. Income received in advance
- e. Income receivable
- f. Bad debts
- g. Provision for doubtful debts
- h. Reserve for discount on debtors and creditors
- i. Depreciation
- j. Interest on capital, drawings and loans
- k. Interest on investment and loans
- l. Goods destroyed by fire/ accident (insured / uninsured)
- m. Goods stolen
- n. Goods distributed as free samples
- o. Goods withdrawn by partners
- p. Unrecorded purchases and sales
- q. Capital expenditure included in revenue expenses and vice-versa
- r. Bills Receivable dishonoured
- s. Bills payable dishonoured
- t. Deferred expenses
- u. Capital receipts included in revenue. Receipts and vice-versa
- v. Commission to working partner/ Managers on the basis of Gross profit, Net profit, sales, etc.

3. Reconstitution of Partnership

- 3.1 Meaning and different ways of reconstitution
- 3.2 Admission of a partner
 - 3.2.1 Meaning and Need
 - 3.2.2 Capital brought by new partner
 - 3.2.3 New profit sharing ratio
 - 3.2.4 Sacrifice ratio
 - 3.2.5 Goodwill - Meaning, Methods



of valuation and treatment of goodwill.

- i) Average profit method
- ii) Super profit method

3.2.6 Adjustment of accumulated profits and losses.

3.2.7 Revaluation of assets and liabilities

3.2.8 Adjustment of capitals

3.3 Retirement / Death of a partner

3.3.1 Meaning, need

3.3.2 New ratio

3.3.3 Gain ratio

3.3.4 Treatment of goodwill

3.3.5 Adjustment of accumulated profits and losses

3.3.6 Revaluation of assets and liabilities

3.3.7 Adjustment of capital

3.3.8 Amount due to retiring partner

3.3.9 Death of partner

4. Dissolution of Partnership Firm

4.1 Simple dissolution

4.2 Dissolution under Insolvency situation

5. Accounts of "Not for Profit" concerns

5.1 Introduction, meaning and features of "Not for Profit" concerns.

5.2 Receipts and Payments Account—meaning and features. Distinction between Income and Expenditure account.

5.3 Preparation of Income and Expenditure Account and Balance Sheet with the following

a) Additional Information

1. Outstanding expenses and prepaid expenses of the current and previous year

2. Accrued income and income received

in advance

3. Subscription received in advance and Subscription outstanding of the current and previous year

4. Depreciation

5. Capitalisation of entrance fees.

6. Creation of special funds out of donations

7. Stock of stationery

8. Opening balances of assets and liabilities

b) Important Items

Entrance fees, Subscriptions, Legacy, life membership fees, Sale of old assets, Scrap, News papers, Specific donation, General Donations, Specific Funds, Endowment fund

6. Single entry system

6.1 Introduction

- Meaning of single entry system.
- Difference between single entry and double entry system.

6.2 Preparation of statements

6.3 Additional information.

- Additional capital
- Drawings
- Depreciation on fixed Asset
- Bad Debts
- Reserve for Doubtful Debts
- Undervaluation and Overvaluation of Assets and Liabilities
- Interest on loan
- Interest on capital
- Interest on Drawings
- Partners salary
- Outstanding / Unpaid expenses
- Prepaid Expenses/ Expenses paid in advance.
- Illustrations



7. Bill of Exchange (Only Trade Bill)

- 7.1 Introduction, necessity, Meaning, Definition of Bill of Exchange
- 7.2 Draft/format of Bills, Parties to the Bill of Exchange, Acceptance of Bill, Terms of Bill, Days of Grace, Date of maturity, Due Date, Types of Bill
- 7.3 Honouring of Bill, Dishonour of Bill, Noting and Protesting of Bill, Notary Public and Noting Charges
- 7.4 Accounting Treatment of Bill by the Drawer/Holder and Drawee in following cases
 - a) Retaining the Bill till due date. honour/dishonour, insolvency of the drawee/ acceptor
 - b) Endorsement of the Bill, Honour/dishonour and also insolvency of acceptor
 - c) Discounting the Bill with the Bank honour/dishonour and insolvency.
 - d) Sending the Bill to the Bank for collection, honour/ dishonour and insolvency
 - e) Renewal of Bill-Reasons for Renewal of the Bill. Renewal of Bill with or without charging interest
 - f) Making part payment of basic amount, interest and noting charges and drawing of new Bill
 - g) Honour/dishonour of New Bill
 - h) Insolvency of the acceptor and settlement of his account
 - i) Retirement of Bill
 - j) Journal Entries and Ledger

8. Company Accounts Part-I

Accounting for shares

- 8.1 Share and share capital, Meaning, Nature and Types

- 8.2 Accounting for Share Capital: Issue and Allotment of Equity Shares. Private placement of shares. Public subscription of shares. Over subscription and Under subscription of shares. Issue at Par and premium, and at discount, Calls in advance in arrears, Issue of shares for consideration other than cash
- 8.3 Accounting treatment of forfeiture and re-issue
- 8.4 Disclosure of Share capital in Company's Balance Sheet (Horizontal form)

9. Company Accounts Part-II

Accounting for Debentures

- 9.1 Debentures : Meaning, Issue of debentures at par, at premium and at discount
- 9.2 Issue of debentures for consideration other than cash. Interest on Debentures

10. Analysis of financial statements

- 10.1 Financial statement Analysis: meaning, objectives and limitations
- 10.2 Tools for financial statement Analysis-meaning of comparative statements, common size statements, cash flow analysis, and Ratio analysis
- 10.3 Accounting Ratios : Meaning objectives and classification of Ratios
- 10.4 Introductions to current ratio, liquid ratio, Gross profit ratio, operating profit ratio and Net profit ratio. ROI, ROCI



Project Work

- 1) Visit to Partnership Firm and study the management of the firm and a report on it.
- 2) A report on procedure of registration of Partnership Firm under Partnership Act 1932.
- 3) Preparation of Financial statement with the help of Journal / subsidiary books of any partnership firm.
- 4) Analytical study on various adjustments in Final Accounts of Partnership Firm.
- 5) A report on procedure of winding up Partnership Firm.
- 6) Study of the methods of valuation of goodwill and accounting treatment in case of Admission, Retirement or Death of a partner.
- 7) Visit to any not for profit concern. e.g. Library, Sports club, Mahila Bachat Gat, Public Hospitals, Educational Institutions, Temples, Masjids, Gurudwaras, Ganesh Mandal, etc. and preparation of a report on such visit or visits.
- 8) Analysis of the school / college transactions into revenue and capital receipts and revenue and capital expenditure.
- 9) Study of revenue and capital receipts, revenue and capital expenditure of minimum any ten non profit concerns.
- 10) Comparative study of Profit Organisations and 'Not for Profit' organisations and analysis of adjustments in final accounts of not for profit concern / organization.
- 11) Preparation of Report on various treatments of Bills of Exchange (Trade bill)
- 12) A visit to a cloth merchant who is maintaining his books of accounts under single entry system. Preparation of statement of affairs and statement of profit or loss from the data collected.
- 13) A visit to a Bank & preparation of a report on the procedure of discounting and collecting Hundies (Bills of Exchange)
- 14) An interview with a sharebroker.
- 15) A report on the procedure of opening a DEMAT Account.
- 16) A report on the procedure of purchasing and selling of shares through DEMAT Account.
- 17) Visit to a company and preparation of informative report on the procedure of issue of shares or Debentures.
- 18) A comparative study of different ratios to be used in the Annual Report of a company.

Note :

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