

ANNUAL SYLLABUS

SESSION-2022-23

CLASS-XII

SUBJECT- ACCOUNTANCY (Code-055)

CONTENTS

Part A: 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

Note: Interest on partner's loan is to be treated as a charge against profits.

Goodwill: meaning, factors affecting, need for valuation, methods for calculation (average profits, super profits and capitalization) , adjusted through partners capital/ current account or by raising and writing off goodwill (AS 26)

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 re- assessment of liabilities, treatment of reserves and 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.

Unit-2 Accounting for Companies

Accounting for Share Capital

- Features and types of companies
- Share and share capital: nature and types.
- Accounting for share capital: issue and allotment of equity and preference 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 re-issue of shares.
- Disclosure of share capital in the Balance Sheet of a company.

- **Completion of the Mid-Term Syllabus by 30th September 2022**
- **MID TERM EXAMINATION**

CONTENTS

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. 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)

Part B: Financial Statement Analysis

Unit 3: Analysis of Financial Statements

Financial statements of a company :

Meaning, Nature, Uses and importance of financial statement

Statement: Profit and the Loss and Balance Sheet in 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:**

Cash flow analysis, Ratio 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 Assets Turnover Ratio, Net Assets Turnover Ratio and Working Capital Turnover Ratio.

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

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

Unit 4: Cash Flow Statement

- Meaning, objectives, benefits Cash and CashEquivalents, Classification of Activities and preparation (as per AS 3 (Revised) (Indirect Method only)

Note:

- (i) *Adjustments relating to depreciation and 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 (As per CBSE guidelines)**
- **Complete the Annual Syllabus by 15th December 2022**
- **PRE BOARD EXAMINATION**
- **Complete Syllabus will be covered in Annual Examination.**