

10. ACCOUNTANCY
CLASS XI

One Paper

3 Hours

100 Marks

Units		Marks
Part A : Financial Accounting-I		
1.	Introduction to Accounting	07
2.	Theory Base of Accounting	07
3.	Recording of Business Transactions	16
4.	Trial Balance and Rectification of Errors	08
5.	Depreciation, Provision and Reserves	12
6.	Accounting for Bills of Exchange Transactions	10
Total		60
Part B: Financial Accounting-II		
7.	Financial statements	25
8.	Accounts from incomplete records	05
9.	Computers in Accounting	06
10.	Accounting and Database System	04
Total		40

Part A: Financial Accounting - I

Unit 1: Introduction to Accounting

- Accounting- meaning, objectives, Accounting as source of information, internal and external users of Accounting information and their needs.
- Qualitative characteristics of Accounting information-reliability, relevance, understandability and comparability.
- Basic Accounting Terms - Asset, Liability, Capital, Expense, Income, Expenditure, Revenue, Debtors, Creditors, Goods, Cost, Gain, Stock, Purchase, Sales, Loss, Profit, Voucher, Discount, Transaction, Drawings.

Unit 2: Theory Base of Accounting

- Accounting Principles - meaning and nature

- Accounting Concepts: Entity, Money Measurement, Going Concern, Accounting Period, Cost Concept, Dual Aspect, Revenue Recognition (Realisation), Matching, Accrual, Full Disclosure, Consistency, Conservatism, Materiality
- Accounting Standards- Concept
- Process of accounting-from recording of business transactions to preparation of trial balance.
- Bases of Accounting - Cash Basis, Accrual Basis

Unit 3: Recording of Business Transactions

- Voucher and Transactions: Origin of Transactions-Source Documents and Vouchers, preparation of Accounting vouchers; Accounting Equation Approach - Meaning and Analysis of transactions using Accounting Equation: Rules of Debit and Credit.
- Recording of Transactions: Books of original entry - Journal, Special Purpose Books: i) Cash Book - Simple, Cashbook with Bank column and Petty Cashbook, ii) Purchases Book, Sales Book, Purchase Returns Book, Sales Returns Book; Ledger-meaning, utility, format; posting from Journal and Subsidiary books; Balancing of Accounts.
- Bank Reconciliation Statement: Meaning, Need and Preparation, Corrected Cash Book Balance

Unit 4: Trial Balance and Rectification of Errors

- Trial Balance: meaning, objectives and preparation.
- Errors: Types of Errors: Errors of omission, commission, principles and compensating errors affecting Trial Balance; errors not affecting Trial Balance.
- Detection and Rectification of Errors (One Sided and Two Sided); use of Suspense Account.

Unit 5: Depreciation, Provisions and Reserves

- Depreciation: Meaning and need for charging depreciation, factors affecting depreciation, methods of depreciation-Straight Line method, Written Down Value method (excluding change in method), Method of recording depreciation-charging to asset account, creating provision for depreciation/accumulated depreciation account; Treatment of disposal of asset.
- Provisions and Reserves: meaning, importance, difference between Provisions and Reserves, types of Reserves: Revenue Reserve, Capital Reserve, General Reserve, Specific Reserve and Secret Reserves.

Unit 6: Accounting for Bills of Exchange Transactions

- Bills of exchange and Promissory Note: definition, features, parties, specimen and distinction.
- Important Terms: Term of Bill, Accommodation Bill, Days of Grace, Date of Maturity, Bill at Sight, Negotiation, Endorsement, Discounting of Bill, Dishonour, Retirement and Renewal of a Bill.
- Accounting treatment of trade bills and accommodation bills.

Part B: Financial Accounting - II

Unit 7: Financial Statements

- Financial statements: meaning and users.
- Capital Expenditure and Deferred Revenue Expenditure
- Trading and Profit and Loss Account: Gross Profit, Operating and net profit.
- Balance Sheet: need, grouping and marshalling of Assets and Liabilities. Vertical and Horizontal Presentation of Financial Statements.
- Adjustments in preparation of financial statements with respect to closing stock, outstanding expenses, prepaid expenses, accrued Income, Income received In advance, depreciation and bad debts, provision for doubtful debts, provision for discount on debtors, manager's commission.
- Preparation of Trading and Profit & Loss Account and Balance Sheet of sole proprietorship.

Unit 8: Accounts from incomplete records

Incomplete records : meaning, uses and limitations. Ascertainment of profit/loss by statement of affairs method, conversion method.

Unit 9: Computers in Accounting

- Introduction to Computer and Accounting Information System (AIS)
- Applications of computers in accounting:
 - Automation of accounting process, designing accounting reports, MIS reporting, data exchange with other information systems
- Comparison of accounting processes in manual and computerized accounting, highlighting advantages and limitations of automation
- Sourcing of accounting system: readymade and customized and tailor-made accounting system. Advantages and disadvantages of each option.

Unit 10: Accounting and Database System

- Accounting and Database Management System
- Concept of entity and relationship: entities and relationships in an Accounting System: designing and creating simple tables, forms, queries and reports in the context of Accounting System.