

12th CBSE ACCOUNTANCY SYLLABUS**Part A: Accounting for Not-for-Profit Organizations, Partnership Firms and Companies****Unit 1: Financial Statements of Not-for-Profit Organizations**

- Not-for-profit organizations: concept.
- Receipts and Payments Account: features and preparation.
- Income and Expenditure Account: features, preparation of income and expenditure account and balance sheet from the given receipts and payments account with additional information.

Scope:

- i. Adjustments in a question should not exceed 3 or 4 in number and restricted to subscriptions, consumption of consumables and sale of assets/ old material.
- ii. Entrance/admission fees and general donations are to be treated as revenue receipts.
- iii. Trading Account of incidental activities is not to be prepared.

Unit 2: 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 to be 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 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 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. The realized value of each asset must be given at the time of dissolution.
- ii. In case, the realization expenses are borne by a partner, clear indication should be given regarding the payment thereof.

Unit-3 Accounting for Companies**Accounting for Share Capital**

- Share and share capital: nature and types.
- Accounting for share capital: issue and allotment of equity and preferences 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).
- Accounting treatment of forfeiture and reissue of shares.
- Disclosure of share capital in the Balance Sheet of a company.

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).

- Redemption of debentures-Methods: Lump sum, draw of lots.
- Creation of Debenture Redemption Reserve.

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

Part B: Financial Statement Analysis**Unit 4: Analysis of Financial Statements****Financial statements of a Company:**

Statement of Profit and 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:** Objectives, importance and limitations.
- **Tools for Financial Statement Analysis:** Comparative statements, common size statements, cash flow analysis, ratio analysis.

- **Accounting Ratios:** Meaning, 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.

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

Unit 5: Cash Flow Statement

- Meaning, objectives 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.