

# **SECOND YEAR PUC ACCOUNTANCY SYLLABUS**

**Total Periods: 120 Hours**

## **CHAPTER 1: DEPRECIATION, PROVISIONS AND RESERVES**

**12 Hours**

- 1.1** Depreciation: Meaning of depreciation.
- 1.2** Features of depreciation.
- 1.3** Causes for depreciation
- 1.4** Need for charging depreciation
- 1.5** Factors to be taken into account for the calculation of depreciation
- 1.6** Methods of depreciation
  - a) Straight line method: Meaning, merits, demerits and problems. (one or more purchase and one sale-full or part)
  - b) Diminishing balance method: Meaning, merits, demerits and problems. (one or more purchase and one sale-full or part)
  - c) Annuity method: Meaning, merits, demerits and problems.
  - d) Sinking fund Method - concepts only
  - e) Insurance policy Method - concepts only
  - f) Revaluation Method - concepts only
- 1.7** **Provision and Reserves**-Meaning and importance
- 1.7.1** Difference between provision and reserves
- 1.7.2** Types of reserves: concepts only
  - Revenue reserves,
  - Capital reserves,
  - General reserves,

## **CHAPTER 2: ACCOUNTING FOR PARTNERSHIP FUNDAMENTALS**

**10 Hours**

- 2.1** Partnership: Meaning and Features
- 2.2** Partnership Deed: Meaning and contents
- 2.3** Provision of Indian partnership Act of 1932 in the absence of Partnership deed.

- 2.4** Maintenance of capital accounts of partners: Fixed Capital system- problems Fluctuating Capital system- problems
- 2.5** Adjustments of partnership accounts.
  - 2.5.1** Interest on partners' capitals
  - 2.5.2** Interest on partners' drawings- Problems
  - 2.5.3** Interest on partners' loan accounts
  - 2.5.4** Partners' salary or commission
  - 2.5.5** Distribution of profits among partners
- 2.6** Profit and loss appropriation account- Meaning and Problems.

### **CHAPTER 3: PARTNERSHIP ACCOUNTS -ADMISSION OF A PARTNER**

**14 Hours**

- 3.1** Admission of a partner- Meaning.
- 3.2** Ratios in connection with admission of a partner
  - a) Sacrifice Ratio: Meaning and problems.
  - b) New profit sharing ratio : Meaning and problems.
- 3.2.1** Adjustments in connection with admission of a partner.
  - i) Revaluation of Assets and Liabilities of the firm.
  - ii) Distribution of reserves and undistributed profits or losses.
  - iii) Capital brought by the new partner : In cash and in the form of other assets.
  - iv) Goodwill and its treatment:
    - a) Meaning and factors affecting Goodwill.
    - b) Need for taking goodwill into account at the time of admission.
    - c) Methods of valuation of goodwill:  
Average profit Method- Problems.  
Super profit Method and Capitalization Method- Concepts only
    - d) Treatment of goodwill on admission of a new partner:
      - 1) Goodwill brought in cash and withdrawn.
      - 2) Goodwill brought in cash and retained.
      - 3) Goodwill raised and retained.
      - 4) Goodwill raised and written off.

- v) Adjustment of old partners capital after admission on the basis of new partner's capital and adjustments to be made in cash.

### **3.3** Preparation of Revaluation account

Goodwill account

Cash or bank account

Partners' capital accounts

New balance sheet of the firm

## **CHAPTER 4: PARTNERSHIP ACCOUNTS –RETIREMENT AND DEATH OF A PARTNER**

**16 Hours**

### **4.1** Retirement of a partner – Meaning

#### **4.1.1** Ratios in connection with retirement of a partner:

- a) Gain Ratio - Meaning and problems.
- b) New profit sharing ratio - Meaning and problems.

#### **4.1.2** Adjustments in connection with retirement of a partner:

- i) Revaluation of assets and liabilities of the firm.
- ii) Distribution of reserves and undistributed Profits or losses.
- iii) Treatment of Goodwill:
  - 1) Created at its full value and retained.
  - 2) Created at its full value and written off.
  - 3) Created only to the extent of retiring partner's share and written off.
  - 4) Raised to the extent of retiring partner's share and written off without opening goodwill account.
- iv) Settlement of amount due to the retiring partner:
  - a) Settlement in full by cash/through over draft.
  - b) Transfer to loan account.
  - c) Partly paid cash and balance transfer to loan account.
  - d) Settlement in installments with interest.
- v) Adjustment of continuing partners' capital balances after retirement on the basis of the total capital of the new firm given according to the new profit ratio and adjustments to be made in cash.

### **4.2** **Death of a Partner**Ascertainment of the amount due to the deceased partner.Items to be taken into account:

- a) Deceased partner's capital.
- b) Interest on deceased partner's capital.
- c) Salary or Commission up to the date of death.
- d) Deceased partner's share of undistributed profit or loss
- e) Deceased partner's share of reserve fund.
- f) Deceased partner's share of goodwill.
- g) Share of revaluation profit or loss.
- h) Deceased partner's share of accrued profit or loss of the firm up to the date of his death.
- i) Share of joint life policy.
- k) Interest on drawings of deceased partner.
- l) Preparation of Deceased partner's capital account and executor's account.

## **CHAPTER 5: PARTNERSHIP ACCOUNTS- DISSOLUTION OF PARTNERSHIP FIRM**

**10 Hours**

- 5.1** Dissolution of partnership -Meaning.
- 5.2** Dissolution of partnership Firm- Meaning.
- 5.3** Difference between Dissolution of partnership and partnership firm.
- 5.4** Circumstances of dissolution of a firm.
- 5.5** Settlement of accounts on dissolution of a firm.
- 5.6** Dissolution accounts:
  - a) Realisation account.
  - b) Partners' capital accounts
  - c) Cash or bank account.

## **CHAPTER 6: ACCOUNTING FOR SHARE CAPITAL AND DEBENTURES**

**12 Hours**

- 6.1.** Meaning of Joint Stock Company.
  - 6.1.1** Features of Joint Stock Company.
  - 6.1.2.** Share Capital of a Company- Meaning
  - 6.1.3** Different Phases of Share Capital.
  - 6.1.4** Shares: Meaning and Types-Equity Share, Preference Share.
  - 6.1.5** Issue of shares:- Concepts only
    - a) Issue of prospectus
    - b) Minimum subscription
    - c) Application for shares

- d) Allotment of shares
- e) Calls on shares

**6.1.6** Journal entries relating to issue of shares:

- i) Issue of shares at par
- ii) Calls in arrears and Calls in advance.
- iii) Issue of shares at premium
- iv) Issue of shares at discount.
- v) Over subscription and under subscription of shares.
- vi) Forfeiture and re-issue of forfeited shares

**6.1.7** Presentation of share capital in company balance sheet

**6.2. Debentures:** Meaning and types of debentures.

**6.2.1** Difference between shares and debentures.

**6.2.2** Issue of debentures for cash:

Journal entries relating to issue of debentures for cash:

- a) At par
- b) At premium
- c) At discount

**6.2.3** Issue of debentures for consideration other than cash:

Journal entries relating to issue of debentures other than cash:

- a) At par
- b) At premium
- c) At discount

**CHAPTER 7: FINANCIAL STATEMENTS OF JOINT STOCK COMPANY 14 Hours**

**7.1 Financial Statements :** Meaning

**7.2** Objectives of financial statements

**7.3** Types of financial statements:

- a) Income Statements ( vertical format and contents)
- b) Balance Sheet(vertical format and contents)

**7.4** Preparation of Financial Statements in vertical form (simple problems)

**CHAPTER 8:ANALYSIS OF FINANCIAL STATEMENTS 12Hours**

**8.1** Analysis of Financial Statements: Meaning, significance and objectives

**8.1** Tools of financial analysis:

- i) Comparative Statements-Meaning ,types and problems

- a) Income Statements
- b) Position Statement
- ii) Common size Statements- Meaning ,types and problems
  - a) Income Statements
  - b) Position Statement
- iii) Trend Analysis -Meaning  
Calculation of Trend Percentage

#### **8.12** Limitations of Financial Analysis.

##### **Ratio Analysis**

Meaning of Accounting Ratio

Significance of Accounting Ratio

##### **Types:**

- i) Liquidity Ratio-Current Ratio, Liquid Ratio.
- ii) Solvency Ratio-Debt Equity Ratio, Proprietary Ratio.
- iii) Activity Ratio-Inventory Turnover Ratio, Debtors Turnover Ratio, Creditors Turnover Ratio.
- iv) Profitability Ratio-Gross Profit Ratio, Net Profit

Ratio, Operating Ratio.Limitations of Ratio Analysis.

## **CHAPTER 9: ACCOUNTING FOR NON-PROFIT ORGANISATIONS**

**14 Hours**

- 9.1** Non-Profit Organisations- Meaning and features.
- 9.2** Need for maintaining of accounts by non-profit organisations.
- 9.3** Books of accounts maintained by non-profit organisations.
- 9.4** Capital and Revenue items-  
Meaning, classification and treatment.
- 9.5** Final accounts of non-profit organisations:
  - a) Receipts and Payment accounts-Meaning and features.
  - b) Income and Expenditure-Meaning and features.
  - c) Balance Sheet
- 9.6** Preparation of Receipt and Payment Account.
- 9.7** Ascertainment of Opening Capital Fund.

**9.8** Preparation of Income and Expenditure account and Balance Sheet from Receipts and Payments Accounts and other information-

- i) For new non-profit organisations.
- ii) For existing non-profit organisations.  
(Opening balance sheet should be given)

**CHAPTER 10: COMPUTERS IN ACCOUNTING II**

**6 hours**

**10.1** Meaning of Data

**10.1.2.** Meaning of Information

**10.1.3.** Qualities of Information

**10.1.4.** Types of Information

**10.2.** Data Processing

**10.2.1.** Meaning of Data Processing

**10.2.2.** Stages of Data Processing

**10.2.3.** Types of Data Processing

**10.3.** Data Base Management System (DBMS): Meaning  
Advantages and Disadvantages of DBMS

**10.4.** Models of Database Management System(Types)-

**10.5.** Meaning and Diagrammatic explanation

- i) Simple/List structure data base model
- ii) Hierarchical data base model
- iii) Network data base model
- iv) Relational data base model

**TOTAL 120 Hrs**