



BOOK-KEEPING & ACCOUNTANCY

STANDARD XII



The Constitution of India

Chapter IV A

Fundamental Duties

ARTICLE 51A

Fundamental Duties- It shall be the duty of every citizen of India—

- (a) to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem;
- (b) to cherish and follow the noble ideals which inspired our national struggle for freedom;
- (c) to uphold and protect the sovereignty, unity and integrity of India;
- (d) to defend the country and render national service when called upon to do so;
- (e) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities, to renounce practices derogatory to the dignity of women;
- (f) to value and preserve the rich heritage of our composite culture;
- (g) to protect and improve the natural environment including forests, lakes, rivers and wild life and to have compassion for living creatures;
- (h) to develop the scientific temper, humanism and the spirit of inquiry and reform;
- (i) to safeguard public property and to abjure violence;
- (j) to strive towards excellence in all spheres of individual and collective activity so that the nation constantly rises to higher levels of endeavour and achievement;
- (k) who is a parent or guardian to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.

The Coordination Committee formed by GR No. Abhyas - 2116/(Pra.Kra.43/16) SD - 4
Dated 25.4.2016 has given approval to prescribe this textbook in its meeting held on
30.01.2020 and it has been decided to implement it from the educational year 2020-21.

Book - Keeping and Accountancy

STANDARD XII



2020

**Maharashtra State Bureau of Textbook Production
and Curriculum Research, Pune - 411 004**



L2H3S4

Download DIKSHA App on your smartphone. If you scan the Q.R.Code on this page of your textbook, you will be able to access full text and the audio-visual study material relevant to each lesson provided as teaching and learning aids.

First Edition : 2020
First Reprint : 2021

© Maharashtra State Bureau of Textbook Production
and Curriculum Research, Pune- 411 004.

Maharashtra State Bureau of Textbook Production and Curriculum
Research reserves all rights relating to the book. No part of this book should
be reproduced without the written permission of the Director, Maharashtra
State Bureau of Textbook Production and curriculum Research, Pune.

Commerce Stream Committee Members

Dr. Narendra Pathak
(Chairman of Commerce Committee)

Shri. Surendra Nirgude	(Member)
Dr. Mukund Tapkir	(Member)
Dr. Prashant Sathe	(Member)
CS. Mahesh Athawale	(Member)
Shri. Narayan Patil	(Member)
Dr. Jyoti Gaikwad	(Member)
Shri. Mohan Salvi	(Member)
Shri. Anil Kapare	(Member)
Smt. Anantlaxmi Kailasan	(Member)
Smt. Laxmi Pillai	(Member)
Smt. Mrinal Phadke	(Member)
Dr. Sangeeta Mandke	(Member)
Smt. Ujjwala Godbole	(Member-Secretary)

Book-keeping and Accountancy Study Group Members

Shri. Surendra Nirgude
(Chairman and Coordinator)

CA. Vilas Potdar	Dr. Anagha Kale
Smt. Lakshmi R. Iyer	Shri. Sanjeev More
Shri. Appasaheb Dorkar	Shri. B.S. Kumbhar
Smt. Jyoti Bhore	Shri. Ganesh Channa
Shri. Abdul Rauf	Shri. Sanjay Pandikar
Shri. Anil Kadam	Shri. Subhash More
Dr. D. R. Baheti	

Typesetter

Baladev Computers, Mumbai

Cover, Illustrations and Computer Drawings

Shri. Sandip Koli, Artist, Mumbai
Shri. Ganesh Channa, Solapur

Co-ordinator

Ujjwala Shrikant Godbole
I/C Special Officer for Mathematics

Production

Sachchitanand Aphale

Chief Production Officer

Sanjay Kamble

Production Officer

Prashant Harne

Asst. Production Officer

Paper

70 GSM Cream wove

Print Order No.

N/PB/2021-22/1,25,000

Printer

BHAVANI INDUSTRIES, KOLHAPUR

Publisher

Vivek Uttam Gosavi, Controller

Maharashtra State Textbook Bureau,
Prabhadevi Mumbai- 400 025



The Constitution of India

Preamble

WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC and to secure to all its citizens :

JUSTICE, social, economic and political ;

LIBERTY of thought, expression, belief, faith and worship ;

EQUALITY of status and of opportunity ;
and to promote among them all

FRATERNITY assuring the dignity of the individual and the unity and integrity of the Nation ;

IN OUR CONSTITUENT ASSEMBLY this twenty-sixth day of November, 1949, do HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.

NATIONAL ANTHEM

Jana-gana-mana-adhināyaka jaya hē
Bhārata-bhāgya-vidhātā,

Panjāba-Sindhu-Gujarāta-Marāthā
Drāvida-Utkala-Banga

Vindhya-Himāchala-Yamunā-Gangā
uchchala-jaladhi-taranga

Tava subha nāmē jāgē, tava subha āsisa māgē,
gāhē tava jaya-gāthā,

Jana-gana-mangala-dāyaka jaya hē
Bhārata-bhāgya-vidhātā,

Jaya hē, Jaya hē, Jaya hē,
Jaya jaya jaya, jaya hē.

PLEDGE

India is my country. All Indians
are my brothers and sisters.

I love my country, and I am proud
of its rich and varied heritage. I shall
always strive to be worthy of it.

I shall give my parents, teachers
and all elders respect, and treat
everyone with courtesy.

To my country and my people,
I pledge my devotion. In their
well-being and prosperity alone lies
my happiness.

PREFACE

We are happy in introducing the text book for Std. XII based on revised syllabus from the academic year 2020-21.

The Std. XI syllabus covers topics related to Sole Proprietorship firm and basic accounting concepts. The syllabus for Std. XII covers topics related to Partnership Firm, Not for Profit Organization, Accounting of Company Accounts-Issue of Shares, Financial Statement Analysis, Bills of Exchange and Computer in Accounting.

Due care has been taken to present the subject matter in a simple manner so that the students can easily understand the relating accounting concepts and contents. Similarly the students who do not have a commerce background but are going to pursue further education in commerce the text book will be of great help to understand the subject in a lucid manner. Various practical problems based on skill and application are included in the textbook. The exercises given at the end of each topic contains different types of questions to test conceptual clarity and accuracy and encourage the students to cultivate the skills and applications required for their future education. Also to make learning interesting additional information and activities for the students are given at the end of every chapter and also in QR code on the title page.

We would like to bring to your notice that the illustrations and exercise problems are designed comprehensively. While setting the question paper one is expected to modify the questions according to the marking scheme.

We are thankful to the subject committee members, study group members, translators, reviewers, quality reviewers and all those who have taken efforts in designing this text book.

We hope the text book will be well received by the academicians and students.



(Vivek Gosavi)
Director

Pune

Date : 21 February 2020

Bharatiya Saur : 2 Phalguna 1941

Maharashtra State Bureau of Textbook
Production and Curriculum Research, Pune.

Book-keeping and Accountancy

Competency Statement

Standard XIIth

Unit No.	Topic	Competency Statements
1	Introduction to Partnership	Students are able to <ul style="list-style-type: none">• understand the meaning of Partnership.• know the important features of Partnership• understand the meaning of The Indian Partnership Act, 1932.• understand the importance of Partnership Deed.• understand the provisions applicable in absence of Partnership Deed• know how to maintain Capital Accounts of Partners• understand the meaning of Partnership Final Account• know the need and importance of Final Accounts• know the effects of adjustments in Final Accounts• know the meaning of Trading Account, Profit and Loss Account and Balancesheet• know how to find out financial results of the business
2	Accounts of Not For Profit Concerns	Students are able to <ul style="list-style-type: none">• understand the meaning and features of Not for Profit Concerns• know the meaning of Receipts and Payments Account• understand the meaning of Income and Expenditure Account and its difference from Profit and Loss Account• understand the difference between Profit and Not for profit Organisations• learn to acquire the skills for preparing Income and Expenditure Account and Balancesheet of Not for profit concern
3	Reconstitution of Partnership (Admission of Partner)	Students are able to <ul style="list-style-type: none">• understand the meaning and different ways of reconstitution• to understand the meaning and need of admission of partner• to learn the adjustments required on admission of a Partner• to calculate the new profit sharing ratio and sacrifice ratio• to know the methods of valuation of goodwill and treatment of goodwill• to learn the accounting treatment of accumulated profits/ losses• to make necessary adjustment for revaluation of assets and liabilities• to learn to adjust the capitals according to new profit sharing ratio
4	Reconstitution of Partnership (Retirement of partner)	Students are able to <ul style="list-style-type: none">• understand the meaning of retirement of partners in partnership business• learn to calculate various ratios connected to retirement of partnership• understand the treatment of goodwill• know the effect of reserves, accumulated profit/ loss• learn the effect of revaluation of assets and liabilities• understand the adjustments to be made for remaining partners capital• to know the various modes of final payment to be made to retiring partners

5	Reconstitution of Partnership (Death of a Partner)	<p>Students are able to</p> <ul style="list-style-type: none"> • learn how to calculate various ratios • know how to calculate share of profit up to the date of death of a partner • learn how to calculate share of goodwill of deceased partner • know how to calculate amount due to deceased partner's executor • understand how to settle the account of an executor
6	Dissolution of Partnership Firm	<p>Students are able to</p> <ul style="list-style-type: none"> • understand the meaning and reasons of dissolution of partnership firm • know the effects of dissolution of partnership firm • learn various accounting treatment for settlement of accounts • learn accounting procedure under simple dissolution and insolvency of partner
7	Bills of Exchange	<p>Students are able to</p> <ul style="list-style-type: none"> • know the meaning of bill of exchange • understand the different concepts used in bills of exchange • Prepare a draft of bill of exchange and know the various types of bills of exchange • understand retaining, sending bill for collection, discounting, endorsing, honour, renewal and retiring of the bill • learn various accounting treatment of bills of exchange
8	Company Accounts - Issue of shares	<p>Students are able to</p> <ul style="list-style-type: none"> • learn the types of shares and share capital • understand the concept of public subscription and private placement • know the concept of under and over valuation of shares and accounting of shares issued at par, at premium and at discount • know the different accounting treatment for under and over subscription of shares as well as calls in arrears and calls in advance
9	Analysis of Financial Statements	<p>Students are able to</p> <ul style="list-style-type: none"> • understand the meaning, objectives and limitations of financial statement analysis • learn various tools for financial statements analysis • understand objectives and classification of Accounting ratios and Ratio Analysis
10	Computer in Accounting	<p>Students are able to</p> <ul style="list-style-type: none"> • understand the computerized Accounting and its components • understand features, importance and limitations of computerised accounting system • learn application of computerised accounting statements • learn various accounting packages

INDEX

Sr. No.	Chapter	Page No.
1.	Introduction to Partnership and Partnership Final Accounts	1
2.	Accounts of 'Not for Profit' Concerns	63
3.	Reconstitution of Partnership (Admission of Partner)	125
4.	Reconstitution of Partnership (Retirement of Partner)	168
5.	Reconstitution of Partnership (Death of Partner)	187
6.	Dissolution of Partnership Firm	206
7.	Bills of Exchange	251
8.	Company Accounts - Issue of Shares	309
9.	Analysis of Financial Statements	344
10.	Computer In Accounting	381
	Answer-Key	392