T. Y. B. COM.

SEMESTER V
ADVANCED ACCOUNTING & AUDITING
CE 301 A COSTS AND FINANCIAL ACCOUNTING

Unit 1: Process Costing - I: **[25%]**

a. Meaning, Definition and Features; Job Costing vs. Process Costing; processes losses and gains; Accounting of waste, scrap, defectives and spoilage;

b. Meaning of Joint Products and By-Products; Objectives of allocation of joint costs and Methods of Accounting for Joint Products; Methods of Accounting for By-Products.

Unit 2: Process Costing - II: **[25%]**

a. Inter Process Profit and Transfer Price (valuing Process Stocks under FIFO and Average Cost Methods).

b. Valuation of Work-in-Progress (under FIFO and Average Cost Methods);

Unit 3: Marginal Costing: **[25%]**

a. **Break-even and CVP Analysis:** Meaning and definition of Marginal Cost, Marginal Costing and Contribution; Marginal Costing vs. Absorption Costing; Features of Marginal Costing; Situations where Marginal Costing Technique is useful in managerial decision making;

b. **Methods of determination of Break-even point:** Graphical Method: Traditional Break-even Chart and Contribution Break-even Chart; Algebraic Method; Limitations of C/S Ratio; Margin of Safety, Angle of incidence and assumptions of Break-Even Analysis; Cost-Volume Profit Analysis; Key or Limiting Factors Analysis (analysis where more than one limiting factors exist is not expected); Optimizing of Product Mix (basic problems to highlight its application and limitations).

c. Meaning of the following terms relating to **'Decision-making process'** (*only short objective type theoretical questions are expected*): Relevant Cost, Incremental Cost, Sunk Cost, Opportunity Cost, Avoidable/unavoidable costs, Imputed or Notional Cost, Discretionary Costs, Common Costs, Traceable Costs, Joint Costs and Step Costs;

Unit 4: Amalgamation of Companies: **[25%]**

- **In the nature of merger:** Under Pooling of Interests Method (AS 14).

- **in the nature of purchase:**
  Note: *Includes additional points arising on Amalgamation/ Absorption: Inter-company transactions (except Inter-company Holdings and exchange of shares based on 'intrinsic values').*

Notes: (1) Practical problems carrying not less than 80% marks shall be asked. This percentage is inclusive of 20% weightage to be given to a multiple choice question divided into **7** sub-questions (at least one sub-question from each Unit shall be drawn). The students are required to provide justification for selecting the correct option out of four options given for each MCQ.

(2) Question from any sub-unit shall not be asked in option of any other sub-unit.

(3) Similarly, questions from any main Unit shall not be set in option of questions from any other main Unit.

References:

1. Ravi M. Kishore; "Cost & Management Accounting"; Taxmann Allied Services (P.) Ltd..
2. Paresh Shah; "Management Accounting"; Oxford University Press.
3. Jawahar Lal & Seema Srivastava; "Cost Accounting"; Tata McGraw-Hill Publishing Company Ltd.
4. **Cost Accounting**
   Author: Charles T. Horngren (Hardback | ISBN10: 0132329018;
   ISBN13: 9780132329019)
5. Ravi M. Kishore; "Cost and Management Accounting",
   Taxmann's Publications.
6. Horngren, C.T., **Cost Accounting** – A **Managerial** Emphasis,.
   Prentice – Hall
7. Advanced Accounting By R. L. Gupta Pub. S. Chand & Co.
8. Corporate Accounting: By S. N. Maheshwari [Vikas Publshing House]
9. Cost Accounting By P. C. Tulsian [S. Chand & Co.]
10. Cost Accounting By Dr. Murthy & S. Gurusamy [Tata McGraw Hill Publication]
11. Corporate Accounting (Theory and Practice) By K. L. Shah [Shree Niwas Pub.]

T. Y. B. COM.

SEMESTER V
ADVANCED ACCOUNTING & AUDITING
CE 302 A MANAGEMENT ACCOUNTING I

Unit 1: Introduction to Management Accounting and Analysis of Financial Statements: [25%]

1. Definition, scope, objectives, functions, tools and techniques, limitations of Management Accounting, Installation of Management Accounting system, difference between Management Accounting and Cost Accounting;

2. Nature and limitations of Financial Statements, Essentials of good financial statements, Analysis and interpretation, Tools of financial analysis (methods, Comparative financial statements, procedure for interpretation, objectives of analysis and interpretation, Common size statements, Trend analysis.)

Unit 2: Interpretation and Analysis through Financial Ratios: [25%]

Meaning, Importance and limitations of ratio analysis, Calculation and interpretation of the following ratios only: Gross Profit Ratio, Net Profit Ratio, Stock Turnover Ratio, Operating Ratio, Expense Ratios, Return on Investment (ROI), Earning per share (EPS: including concept of EPS as per AS 20), Current Ratio, Liquid Ratio, Acid Test Ratio, Proprietary Ratio, Debt-equity Ratio, Long-term Funds to Fixed Assets Ratio, Capital Gearing Ratio, Coverage Ratio (interest and total), Debtors Ratio (velocity), Creditors Ratio (velocity), Fixed Assets to Turnover Ratio, Total Assets to Turnover Ratio, Debt-service coverage Ratio, Cash earning per share, Dividend pay-out Ratio, Dividend Yield Ratio, Price Earning Ratio, Market Price to book value Ratio.

Note: Preparation of Financial Statements from given ratios is not expected. Emphasis is to be given on interpretation rather than calculation.

Unit 3: Cash Flow Statement: [25%]

Concept and significance of Funds Flow Statement; Sources and Application of Cash; Cash from Operation; Income and Expenditure Approach and Net Profit Approach; Difference between Fund Flow Statement and Cash Flow Statement; Preparation of Cash Flow Statement as per **AS 3**.

Unit 4: BUDGETING: [25%]

(A) Budgets and Budgetary Control:

Definition, Objectives, Merits and de-merits of Budgetary Control, Fixed and Flexible Budgets (Theory only), Control Ratios, Zero base Budgeting; Preparation of following Functional Budgets only: Sales Budget, Selling and Distribution Cost Budget, production Budget, cost of Production Budget (Materials, Labour and Overheads).

(B) Cash Budget:

Introduction, Advantages and limitations of Cash Budget, Methods of preparing Cash Budget: Cash Receipts and Disbursement Method, Adjusted Earnings Method, Balance Sheet Projection Method and Working Capital Differential Method.

Notes: (1) Practical problems carrying not less than 80% marks shall be asked. This percentage is inclusive of 20% weightage to be given to a multiple choice question divided into **7** sub-questions (at least one sub-question from each Unit shall be drawn). The students are required to provide justification for selecting the correct option out of four options given for each MCQ.

(2) Question from any sub-unit shall not be asked in option of any other sub-unit.

(3) Similarly, questions from any main Unit shall not be set in option of questions from any other main Unit.

Reference Books:

1. **Management and Cost Accounting**
   Author: Colin Drury Publisher: Pat Bond (U. K.)
2 **Cost Accounting**
   Author: Charles T. Horngren (Hardback | ISBN10: 0132329018; ISBN13: 9780132329019)
3. Ravi M. Kishore; "Cost and Management Accounting", Taxmann's Publications.
4. Jawahar Lal; "Advanced Management Accounting", S.Chand Publications.
5 Paresh Shah; "Management Accounting", Oxford Publication
6. **Horngren, C.T., Cost Accounting – A Managerial Emphasis,. Prentice – Hall**

T. Y. B. COM.

SEMESTER VI
ADVANCED ACCOUNTING & AUDITING
CE 303 A MANAGEMENT ACCOUNTING II

Unit 1: Standard Costing I: **[25%]**

Definition, Standard Cost vs. Budgetary Cost, Setting the standards: Variance analysis: Total Material Cost Variance, Material Price Variance, Material Usage Variance, Material Mix Variance, Total Labour Cost Variance, Labour Rate Variance, Labour Efficiency Variance, Idle Time Variance, Labour Mix Variance, Labour Yield Variance.

Unit 2: Standard Costing II: **[25%]**

a. Overhead Variances: Fixed and Variable, Expenditure Variance, Efficiency Variance, Capacity Variance, Calendar Variance;

Notes: ***(i)*** *Rate of recovery of overheads to be based on labour time only.*
(ii) *Problems relating to finding out missing data are not expected.*

b. Sales Value Variances: Sales Price, Sales Volume, Sales Quantity and Sales Mix Variances.
Sales Margin Variances: Total sales Margin Variance, Sales Margin Price Variance, Sales Margin Volume Variance, Sales margin Mix Variance, Sales Margin Quantity (sub-volume) Variance.

Notes: ***(i)*** *Problems relating to Reconciliation and Interpretation of Variances are not expected.*
(ii) *Problems relating to finding out missing data are not expected.*

Unit 3: Capital Budgeting - 1: [25%]

(A) Meaning, Importance and Process of Capital Budgeting.

Methods based on profit and recovery of cash outlays:

(1) Accounting Rate of Return (ARR) Method;
(2) Pay-Back Method.

(B) Time Value of Money:

Reasons for Time Value, Simple and Compound Interest, Present Value and Discount Factors, Future Value and Present value of an ordinary annuity, Present value of a differed annuity and Perpetuity, Meaning of Amortization of and creation of Sinking Fund, Nominal and Real Interest Rates.

Unit 4: Capital Budgeting -2: [25%]

Methods based on present value of cash flows:

(1) Net Present Value (NPV) Method;
(2) Profitability Index (PI) Method;
(3) Internal Rate of Return (IRR) Method.

Notes: ***(i)*** *Relevant portion of PV Factors and Annuity Factors must be provided in the question paper;*

(ii) *Advance level problems (like calculation of expected cost and profit of proposed product to be manufactured, deferment of tax liability, capital rationing, sensitivity analysis, decisions relating to early retirement of existing assets etc) are not expected.*

Notes: (1) Practical problems carrying not less than 80% marks shall be asked. This percentage is inclusive of 20% weightage to be given to a multiple choice question divided into **7** sub-questions (at least one sub-question from each Unit shall be drawn). The students are required to provide justification for selecting the correct option out of four options given for each MCQ.

(2) Question from any sub-unit shall not be asked in option of any other sub-unit.

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5 Paresh Shah; “Management Accounting”, Oxford Publication
6. Horngren, C.T., **Cost Accounting** – A **Managerial** Emphasis,.
   Prentice – Hall

T. Y. B. COM.
SEMESTER VI
ADVANCED ACCOUNTING & AUDITING
CE 304 A AUDITING II

Unit	Particulars	Marks
Unit – I	**Company Audit** • Importance of Memorandum, articles, prospectus, minute book, preliminary contract • Issue of shares at premium and at discount, issue of right shares, issue of bonus shares, issue of shares for the consideration other than cash • Redemption of preference shares and debentures, conversion of debentures in to shares, forfeiture of shares • Audit of share transfer	25%
Unit – II	**Auditor's Report and Certificate** • Meaning and importance of auditor's report • Difference between auditor's report and certificate • Kinds of auditor's report • Specimen of qualified report • Use of words "True and Fair" In the report • CARO – 2003	25%

Unit	Particulars	Marks

Unit – III	**Divisible profit and depreciation**
	
	• Divisible profit
	  o Meaning and importance of profit
	  o Determination of profit and it's problem
	  o Debatable points regarding divisible profit (Depreciation, capital gain, capital loss, past revenue lost, past profit and transfer to reserve)
	  o Auditor's duty regarding divisible profit
	• Depreciation
	  o Provisions of the company law
	  o Auditor's duty
		25%

Unit – IV	**(A) Investigation**
	
	• Meaning and need, difference between audit and investigation
	• Investigation in following cases..
	  o For purchase of business
	  o For granting loan
	  o In case of declining profit
		25%

	(B) Audit program of.. • Hospitals run by public charitable trust • Educational institutes • Manufacturing company	

Notes: (1) 20% weightage is to be given to a multiple choice question divided into **15** sub-questions (at least three sub-question from each Unit shall be drawn). The students are required to provide justification for selecting the correct option out of four options given for each MCQ.

(2) Question from any sub-unit shall not be asked in option of any other sub-unit.

(3)Similarly, questions from any main Unit shall not be set in option of questions from any other main Unit.

References:

1. Principles of Auditing
   By Rick Stephan Hayes, Roger Dassen, Arnold Schilder, Philip Wallage
2. Fundamentals of Auditing
   By S. K. Basu [Pub.:Dorling Kindersley (India) Pvt. Ltd., New Delhi 110017]
3. Auditing Principles and Techniques
   By S. K. Basu [Pub.:Dorling Kindersley (India) Pvt. Ltd., New Delhi 110017]
4. Contemporary Auditing
   By Kamal Gupta [Pub.: Tata McGraw-Hill Education]
5. Auditing: Principles and Practice
   By Ravinder Kumar, Virendra Sharma [Pub.: PHL Learning Pvt. Ltd.]