M. COM.: New optional (elective)

<u>**Advanced Accounting and Auditing**</u> [Code: COM **EE**]

Semester II: Com EA/EE 410 **Financial Accounting and Auditing – 1**

Com EA/EE 411 **Cost Accounting – 1**

Com 412 EE **Cost Accounting – 2**

Semester III: Com EA/EE 504 **Management Accounting - 1**

Com EA/EE 505 **Corporate Financial Reporting**

Com 506 EE **Financial Accounting and Auditing -2**

Semester IV: Com EA/EE 509 **International Accounting**

Com 510EE **Management Accounting -2**

Semester II

[Code: COM EA/EE 410]

Financial Accounting and Auditing– 1

UNIT – I: INDIAN ACCOUNTING STANDARDS:

As 2 Inventory Valuation;
As 9 Revenue Recognition;
As 12 Accounting for Government Grants;
As 16 Borrowing Cost;

UNIT – II: PREPARATION AND AUDIT OF FINANCIAL STATEMENTS:

(a) Some important issues: Inventory, Depreciation, Tax Provision and Managerial Remuneration (including problems).
(b) Advanced level problems on preparation of Final Accounts of a public limited company as per revised Schedule VI only.
(c) Audit of Financial Statements

UNIT – III: ACCOUNTS OF PACKGES AND CONTAINERS

UNIT – IV: ACCOUNTING FOR SPECIAL TRANSACTIONS:

(A) Hire Purchase Trading Account;
(B) Lease Accounting.

Note:

1. Practical problem carrying not less than 80% marks shall be asked. This percentage is inclusive of 20% weightage to be given to multiple choice questions. Each unit must be give equal weightage for MCQs.

2. Question from any main unit shall not be set in option of questions from any other main unit or sub unit.

References:

1. T.P. Ghosh, "Accounting standards and corporate accounting practices"; Taxman Allied service pvt.ltd.
2. Anil Chaudhary, "Fundamentals of Accounting and Financial Analysis"; Pearson Education.
3. Ambrish Gupta "Financial Accounting for Management – An analysis perspective, Pearson Education.
4. P Premchand Balu and M. Madan Mohan, "Financial Accounting and Analysis"; Himalaya Publishing Stores.
5. J.R. Mongs: "Fundamentals of corporate accounting"; Mayar Noida, Delhi.
6. Shashik Gupta, R. K. Sharma, "Management Accounting – Principles and Practice"; Kalyani Publication, Noida

==

Semester II

[Code: COM EA/EE 411]

Cost Accounting – 1

Unit – I: Cost Book-keeping:

Introduction; A fully integrated system; An integrated system with separate financial and cost ledgers; A non-integrated system; Flowchart; Reconciliation of cost and financial accounts.

Unit- II: Cost Control and Cost Reduction:

The difference between cost control and cost reduction; The mechanism for controlling and reducing costs and some of the recent developments in this regard:

(a) Inventory Control: (1) ABC Analysis; (2) VED Analysis; (3) FNSD Analysis; (4) EOQ – Basic Model.
(b) Labour Cost Control: Labour Productivity/ Efficiency.
(c) Overhead Cost Control: Treatment of 'Under and Over absorption' of overheads.
(d) Learning Curve.

Unit – III: Activity Based costing:

(a) Definition and need for Activity Based Costing – Concept of Activity Based Costing (ABC).
(b) Characteristics, development and implementation of ABC.
(c) Cost drivers and cost tools; Main activities and its cost drivers.
(d) Allocation of overheads under Activity Based Costing.
(e) Application of Activity Based Costing (when to use).

Unit – IV: Product Pricing

Introduction, Economic theory of pricing; Pricing decision process; Role of costs in pricing; Pricing methods: (i) Cost based or cost plus pricing; (ii) Marginal cost pricing; (iii) Pricing for target rate of return; (iv) Added value method of pricing; (v) Going rate pricing; (vi) Standard cost pricing; (vii) Opportunity cost pricing; (viii) Administered pricing(ix) Customary pricing; (x) Export pricing. Strategies in product pricing; Pricing strategies for new product; Pricing of established products; Price discrimination; Target pricing and product line pricing; Discounts and discounting and pricing in inflation.

Note:

1. Practical problem carrying not less than 80% marks shall be asked. This percentage is inclusive of 20% weightage to be given to multiple choice questions. Each unit must be give equal weightage for MCQs.

2. Question from any main unit shall not be set in option of questions from any other main unit or sub unit.

References:

1. Jawahar Lal; "Advanced Management Accounting"; S.Chand & Company Ltd.
2. T.P.Ghosh; "Accounting and Finance for Managers"; Taxmann Allied Services (P.) Ltd..
3. J.Made Gowda; "Accounting for Managers", Himalaya Publishing House.
4. Dr. Jawahar Lal; "Accounting Theory and Practice"; Himalaya Publishing House.
5. Ravi M. Kishore; "Cost & Management Accounting"; Taxmann Allied Services (P.) Ltd..
6. Paresh Shah; "Management Accounting"; Oxford University Press.
7. Jawahar Lal & Seema Srivastava; "Cost Accounting"; Tata McGraw-Hill Publishing Company Ltd.

===

Semester II

[Code: COM 412 EE]

Cost Accounting - 2

Unit – I: Short-term decision-making techniques:

(A) Marginal and absorption costing:

- **(a)** Meaning, importance and application of the concept of contribution.
- **(b)** Effect of absorption and marginal costing on inventory valuation and profit determination.
- **(c)** Calculation of profit or loss under absorption and marginal costing.
- **(d)** Reconciliation of the profits or losses calculated under absorption and marginal costing.
- **(e)** Advantages and disadvantages of absorption and marginal costing.

(B) Cost-volume profit (CVP) analysis:

- (i) Calculation and interpretation of a break-even point and margin of safety;
- (ii) Understanding of, and use, the concepts of a target profit or revenue and a contribution to sales ratio;

(iii) Identifying the elements in traditional and contribution break-even charts and profit/volume charts;
(iv) Applying CVP analysis to single-product situations.

Unit – II: Limiting factors and optimal solution.

(a) Identifying a single limiting factor;
(b) Determining the optimal production plan where an organization is restricted by a single limiting factor;
(c) Formulation of a linear programming problem involving two variables;
(d) Determining the optimal solution to a linear programming problem using a graphical approach;
(e) Use of simultaneous equations, where appropriate, in the solution of a linear programming problem.

Unit – III: Differential, Opportunity and Relevant Costing:

(A) **Differential Costing:** Definition and meaning; Advantages of differential cost analysis; Distinction between marginal and differential costing; Cost Indifference point Analysis.

(B) **Opportunity and Relevant Costing:** Meaning and examples of opportunity cost; Application of the concept of opportunity cost; Concept of Relevant Costing; Calculation of the relevant costs for materials, labour and overheads; Calculation of the relevant costs associated with non-current assets; Use of relevant cost to take decisions related to pricing, outsourcing and make or buy, product mix when capacity constraints exist, replacement of equipment, operate or shutdown, add or drop, sell or process further etc.; The theory of 'constraints' and throughput cost accounting.

Unit – IV: New Concepts:

1. **Just in Time (JIT)**:

Introduction and philosophy of JIT; Sources of Waste, Aims and Objectives of JIT; Characteristics; Methodology of Implementation in JIT; Benefits in application; Obstacles to successful implementation; Impact of JIT on management, Accounting System, Material Requirement Planning (MRP – 1), Manufacturing Resource Plan (MRP – 2).

2. **Life Cycle Costing:**

Identifying the costs involved at different stages of the life-cycle; Implications of life cycle costing on pricing, performance management and decision making

3. **Target costing:**

Deriving a target cost in manufacturing and service industries; Difficulties of using target costing in service industries; Implications of using target costing on pricing, cost control and performance management; Suggestions to close a target cost gap.

Note:

3. Practical problem carrying not less than 60% marks shall be asked. This percentage is inclusive of 20% weightage to be given to multiple choice questions. Each unit must be give equal weightage for MCQs.

4. Question from any main unit shall not be set in option of questions from any other main unit or sub unit.

References:

1. Jawahar Lal; “Advanced Management Accounting”; S.Chand & Company Ltd.
2. T.P.Ghosh; “Accounting and Finance for Managers”; Taxmann Allied Services (P.) Ltd..
3. J.Made Gowda; “Accounting for Managers”, Himalaya Publishing House.
4. Dr. Jawahar Lal; “Accounting Theory and Practice”; Himalaya Publishing House.
5. Ravi M. Kishore; “Cost & Management Accounting”; Taxmann Allied Services (P.) Ltd..
6. Paresh Shah; “Management Accounting”; Oxford University Press.
7. Jawahar Lal & Seema Srivastava; “Cost Accounting”; Tata McGraw-Hill Publishing Company Ltd.

==

Semester III

[Code: COM EA/EE 504]

Management Accounting – 1

Unit – I: (A) Overview:

Meaning and Definition of Management Accounting, Utility and limitations of Management Accounting, Techniques or Methods of Management Accounting, Limitations of Financial Accounting and Cost Accounting, Difference between Financial, Cost and Management accounting

(B) Opportunity cost approach to variances:

Ex-ante and *ex-post* standards; The opportunity cost of capacity variances and efficiency variances; Planning and operating variances; Unavoidable and possibly avoidable planning variances; Limitations of planning and operating variances.

Unit – II: Budgeting and Budgetary Control:

Budgeting concepts; Types of costs considered: Discretionary Costs; Engineered costs; Committed costs; Types of Budget: Appropriation Budget; Flexible Budget; Capital Budget and Master Budget; Forecast vs. Budget; Requirements of a sound Budgeting System; Limitations and problems in Budgeting; Purposes and benefits of a Master Budget; The assumptions of a Master Budget.

Preparation of Sales or Revenue Budget, Plant Utilization Budget, Administrative Expenses Budget, Selling and Distribution Expenses Budget, Marketing Expenditure Budget, Research and Development Budget, Capital Expenditure Budget and Master Budget

Unit – III: Standard costing and variance analysis

Computation and interpretation of cost and sales variances; Reconciliation of actual profit with the budgeted profit (Operating Statement); Cost accounting entries for variances; Pro- rating variances.

Unit – IV: Interpretation and investigation of variances:

Analyzing the significance of variances; Measuring results accurately; Interdependence between cost variances and sales variances; Efficiency standards; Inflation and price variances; Controllable and uncontrollable variances; When should variances be investigated; Cost-variance investigation models: a materiality significance model; a statistical significance model; a control chart model; a decision model with costs and benefits of investigation.

Notes: (1) Practical problems carrying not less than 70% marks shall be asked. This percentage is inclusive of 20% weightage to be given to a multiple choice question divided into **5** sub-questions (at least one sub-question from each Unit shall be asked). The students are required to provide justification for selecting the correct option out of four options given for each MCQ.

(2) Questions from any Unit shall not be set in option of questions from any other Unit.

References:

1. Ravi M. Kishore; “Cost and Management Accounting”, Taxmann’s Publications
2. Jawahar Lal; “Advanced Management Accounting”, S.Chand Publications.
3. Paresh Shah; “Management Accounting”, Oxford Publications.

==

Semester III

Advanced Accounting and Auditing

[Code: COM EA/EE 505]

Corporate Financial Reporting

UNIT : 1FINANCIAL REPORTING:

An Overview Accounting and Economic Development Concept Objectives Users Qualitative Characteristics

UNIT:2 RECENT TRENDS IN FINANCIAL REPORTING:

Introduction to Corporate Financial Reports, Meaning, Statutory requirements, Components of financial reports, Utility of corporate financial reports

(a) Mandatory components analysis (b) Voluntary components analysis

UNIT:3 SPECIFIC ACCOUNTING STANDARDS FOR FINANCIAL REPORTING:

(i) AS 1 Disclosure of accounting policies, (ii.) As 1 Accounting for fixed assets,

(iii.) AS 18 Related Party disclosure (iv) AS 20 Earnings per share

(v.) Events accruing after the Balance sheet date.

UNIT: 4 SEGMENT REPORTING: Nature, Benefits, Bases Merits and De-Merits Disclosure

References:

1. T.P. Ghosh, “Accounting Standards and Corporate accounting practices” - Taxman Allied Service Pvt. Ltd

2. Anil Chaudhary; “Fundamentals of Accounting and Financial Analysis”, Pearson Education

3. Ambrish Gupta; “Financial Accounting for Management – An Analysis Perspectives”, Pearson Education

4. P. Premchand Balu and M. Madan Mohan, “Financial accounting and Analysis”, Himalaya Publishing Stores

5. J.R. Mongs; “Fundamentals of Corporate accounting”, Mayar Noida, Delhi

Semester III

[Code: COM 506 EE]

Financial Accounting and Auditing– 2

Section 1:

Financial Accounting

Unit – I: ACCOUNTING FOR MERGER AND AMALGAMATION:

a. Introduction, Meaning and Methods of calculation of Purchase Consideration.
b. Accounting of Inter-company transactions.
c. Accounting of 'Inter-company holdings or cross holding'.
d. Accounting entries in the books of Vendor Company and Purchasing Company.
e. Merger and Purchase: Accounting standard 14.

UNIT – II: HOLDING COMPANY ACCOUNTS:

(a) Preparation of necessary statements (which are to be annexed with parent company's final accounts) as per Section 212 of the Companies Act, 1956.

(b) Consolidated Balance Sheet (as per AS 21): Consolidation -Inter company transactions – Issue of bonus shares – Revaluation of Fixed Assets – Debenture and Preference shares of subsidiary company – Dividend - Holding company with two subsidiary companies only (direct interest or chain holding).

Section 2:

Special Auditing

Unit – III: 1. Audit of computer based accounts:

Introduction; Types of EDP accounting systems; Auditing in IT environment; Internal control in EDP Accounting System; Special audit techniques; Auditor's involvement in computerization; Using computer in internal audit activities.

2. Government Audits:

Introduction; Central Government finances; Comptroller and Auditor General of India; Organizational structure; Audit of Union Government Accounts; Reporting Procedure; Impact of Government Audit.

Unit – IV: **1. Cost Audit**:

Definition and meaning; Objectives; Important legal provisions; Important provisions of Cost Audit Report Rules, 1996; Distinction of Cost Audit and Financial Audit; Cost Accounting Records.

2. Management Audit:

Definition and meaning; Objectives; Scope; Limitations; Efficiency and Propriety Audit

Note:

(1) Section I and Section II has equal weightage.
(2) Question must be asked from each section
(3) From Section I practical problem must be asked and not less than 30 marks out of total 70 marks.
(4) Question from any main unit shall not be set in option of questions from any other main unit or sub unit.

References:

1. T.P. Ghosh, "Accounting standards and corporate accounting practices"; Taxman Allied service pvt.ltd.
2. Anil Chaudhary, "Fundamentals of Accounting and Financial Analysis"; Pearson Education.
3. Ambrish Gupta "Financial Accounting for Management – An analysis perspective, Pearson Education.

==

Semester IV

[Code: COM EA/EE 509]

INTERNATIONAL ACCOUNTING

Unit-I INTERNATIONAL ACCOUNTING – AN OVERVIEW

1. Introduction
2. Importance of International Accounting
3. Definition of International Accounting
4. Scope of International Accounting
5. Status of International Accounting Education: World Scenario

Unit- II ANALYTICAL STUDY OF I.F.R.S

1. Introduction
2. Need for Transnational Reporting and Disclosure
3. Transnational Reporting – The Complexities Reporting Practices.

Unit-III (A) AS 11 THE EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES

(B)ACCOUNTING FOR FOREIGN CURRENCY TRANSACTIONS

1. Introduction
2. The need for Translation
3. Origin of Problem
4. International Transactions
5. Forward Exchange Contracts
6. Foreign Currency Transactions

Unit- IV (A) ACCOUNTING FOR BUSINESS COMBINATIONS AND CONSOLIDATION

1. Introduction
2. Definition
3. Accounting Treatment
4. Consolidation of Financial Statements.
5. Scope of Consolidated Financial Statements.

(B) ACCOUNTING FOR PRICE LEVEL CHANGES.

1. Introduction
2. Nature of Price Changes
3. Sort Comings of Conventional Accounting Based on Historical Cost.
4. Distortions in Reported Profit.
5. Evaluation of Accounting for Changing Prices.
6. Suggested Adjustment Methods
7. Accounting for Foreign Inflation.

References:

1. George and giddy; "Handbook of International Finance", Vol. I, II, North Holland
2. Shirin Rathore; "International Accounting", Prentice Hall Indian
3. Peter Walton, Axel Haller and Bernard Roffournier; "International Accounting", International Thomson Business Press, London, U.K.

Note: (1) The proportion of practical problems must not be less than 40%

(2)Question from any main unit shall not be set in option of questions from any other main unit or sub unit.

Semester IV

[Code: COM 510 EE]

Management Accounting – 2

Unit – I: Capital Budgeting - 1:

Investment Appraisal Techniques:

(a) Technique that recognize Payback of Capital Employed: Payback Period method.

(b) Techniques that use Accounting Profit for Project Evaluation:
- (i) Accounting rate of return Method and
- (ii) Earning per Share.

(c) Techniques that recognize Time Value of Money:
- (i) Net Present value Method;
- (ii) Internal Rate of Return Method;
- (iii) Net Terminal Value Method;
- (iv) Profitability Index method and
- (v) Discounted Payback Period Method.

Unit – II: Capital Budgeting - 2:

(A) **Risk Analysis in Capital Budgeting:** Sources of Risk; Perspectives of risk; Sensitivity analysis or 'what if' analysis; Limitations of sensitivity analysis: Decision tree approach (in theory only).

(B) **Capital rationing, inflation, taxation and life cycles**:
Meaning of 'Capital rationing'; Effect of Inflation and Taxation; Non-annual time periods; Life-cycle determination

Unit – III: Responsibility Accounting:

Introduction; Basic Principles; Centers of Control: Investment centers, Profit centers and cost centers within a responsibility accounting system; Basic Process in Implementation; Responsibility Reporting; Benefits of Responsibility Accounting; Difficulties in Implementation; Methods for measuring divisional performance: Return on Investment Method, Residual Income Method and other measure of divisional performance.

Unit – IV: Transfer Pricing:

Necessity, Transfer Pricing Methods: Pricing at cost; Standard cost plus lump sum; Market Prices; Prorating the overall contribution; Dual Pricing; Negotiated Prices. Benefits of transfer pricing policy and concept of International transfer pricing

Notes: (1) Practical problems carrying not less than 70% marks shall be asked. This percentage is inclusive of 20% weightage to be given to a multiple choice question divided into **5** sub-questions (at least one sub-question from each Unit shall be asked). The students are required to provide justification for selecting the correct option out of four options given for each MCQ.

(2) Questions from any Unit shall not be set in option of questions from any other Unit.

References:

1. Ravi M. Kishore; "Cost and Management Accounting", Taxmann's Publications.
2. Jawahar Lal; "Advanced Management Accounting", S.Chand Publications.
3. Paresh Shah; "Management Accounting", Oxford Publications.