Gujarat University
Syllabus T.Y.B.Com.
Advanced Accounting and Auditing – V
Syllabus prescribed for Third Year B.Com.
Effective From June, 2005

I. Financial Accounting : 50%
   (A) Amalgamation and Absorption of Companies (excluding inter-company holding & Merger) as per AS-14.
   (B) Valuation of Goodwill and Valuation of Shares.
      Note : Necessary data must be provided by the paper-setter in such a way that any assumptions on the part of the students are not required.
   (C) Accounts of Banking Companies :
      (i) Main Characteristics of bank book-keeping and Slip System. Preparation of Final Accounts according to the revised form of Balance Sheet and Profit and Loss Account.
      (ii) Income recognition; Classification of Bank Advances on the basis of asset-performance for determining & calculation of loss provisions.
      (iii) Some Important provisions of Banking Regulation Act as regards Reserve Fund, Share Capital, restriction of payment of dividend.
      (iv) Discounting and Collection of Bills (including its Accounting Treatment)
   (D) Insolvency Accounts (Under Provincial Insolvency Act 1920)

II. Auditing : 50%
   (1) Company Audit :
      a) Preparation before commencing audit of a limited co.
      b) Importance of different documents such as M/A, A/A, Prospectus, Minute Book, Preliminary Contracts.
      c) Audit of Share Capital :
         (i) Issue of shares : at par, at premium, at discount – Issue and redemption of redeemable preference shares – Issue of right shares.
         (ii) Issue of shares for consideration other than cash, bonus shares, Issue of shares in conversion of debentures, bonds and issue of shares for any other consideration.
         (iii) Issue and forfeiture of shares
         (iv) Share Transfer Audit
         (v) Statutory Audit
         (vi) Auditor’s duties regarding distribution of dividend.
      d) Audit of issue and redemption of debentures.
   (2) Auditor’s Report and Certificate :
   (3) Divisible Profits :
      Meaning and Importance – Legal provisions under Companies Act and principles enunciated under some famous legal cases. Legal Provisions for depreciation.
   (4) Investigations :
      (1) Meaning and Need :
         Difference between Audit and Investigation
      (2) Investigation in following cases :
         (a) For Purchase of Business (c) In case of declining profits
         (b) For Granting of a loan (d) In case of suspected frauds.
   (5) Audit Programme of :
      (1) Hospital run by Public Charitable Trust (3) Commercial Banks
(2) Educational Institutions  (4) Manufacturing companies
(6) **Recent Trends in Auditing**:
(i) Cost Audit   (iii) Tax Audit
(ii) Management Audit   (iv) Audit of Computerised Accounts.

**Note**: Section (I) and (II) are independent sections and under any Scheme of paper-setting, both the sections will have to be treated separately and questions from one section cannot be set in option to questions from the other section.

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**Note**: Objective types of Question should carry atleast 20% of the total marks from both the sections equally.

All amendments made in companies act upto the beginning of academic year should be considered.

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1. **Management Accounting**: (ONLY THEORY)

2. **Financial Statements**: (ONLY THEORY)

3. **Ratio Analysis**:
   Meaning, Advantages and Limitations of Ratio Analysis.
   Computation of following Ratios and their brief interpretation:

4. **Cash Flow Statement as per AS –3** – [The points which are taught at UG Level should be covered] excluding preparation of projected cash flow statement.

5. **Budgetary Control**:
   Budgets and Budgetary Control: Meaning, - Advantages and Limitations of Budgetary Control – Types of Budgets –Preparation of Various Budgets (in Theory only) – Fixed and Flexible budgeting – Zero-base Budget – Meaning Objectives, Merits and Limitations (Practical problems relating to only Cash Budget and Flexible Budget)- (Sales, production and expenses only)
Responsibility Accounting.

6. Marginal Costing and BEP Analysis
   (i) Concept of Marginal Costing – P/V Ratio, Marginal of Safety , Angle of Incidence. Advantages of Marginal Costing- Assumptions of Marginal Costing. Difference between Variable Costing and Absorption Costing (to be explained with the help of illustrations)
   (ii) Break-even Analysis : Simple Break-even Charts and Profit – Volume Chart. Analysis with one limiting factor only.
   (Problems involving differential analysis and decision making are not expected)

7. Standard Costing :
   (ii) Analysis of Variances : Computation of Material and Labour Variances only.
   (Problems of finding out missing information are not expected)

8. Process Costing :
   Features of Process Costing :
   (1) Transfer pricing at actual cost or at cost plus profit, Interprocess profit and provision of unrealized method.
   (2) Joint products and By- Products Costing.
   (3) Equivalent Process

9. Accounting Standards - Scope ; Procedure for Issuing Accounting Standards, Provisions of Companies Act regarding Accounting Standards – Indian Accounting Standards : (Practical Problems are not expected)
   3. Net profit and loss for the period, prior period items and change in accounting policies [AS-5]
   4. earning per share [AS-20]

10. Computerised Accounting :
    TALLY SOFTWARE SYSTEM

Allocation of Marks :
   For Para 1 to 5 50%
   For Para 6 to 10 50%

In internal marks 10 marks should be given for Practical work in Tally programme. (Tally 5.4 Version)