

GUJARAT UNIVERSITY

SYLLABUS OF

**SECOND YEAR
MASTER OF COMMERCE
EXAMINATION**

ACCOUNTANCY

(M.Com. Part – I)

M.Com Part : I

Following are the subjects prescribed for study for the M.Com Part: I examination

Group "A" Compulsory

Paper: I – Economics of developing countries
(One paper, 100 marks, 3 hours)

Paper: II – Business Finance (Compulsory)
(one paper, 100 marks, 3 hours)

Group "B" Voluntary subject

1. a) Cost Accounting Paper I & II (Two papers, 100 marks each 3 hours each).

OR

b) Paper I : Statistics

Paper II: Sampling Techniques and Demography (New Course)

OR

c) Actuarial Science:

Paper I : Theory and practice of Life Insurance (One paper, 100 marks, 3 hours)

Paper II: Theory and Practice of Life Insurance (One paper, 100 marks, 3 hours)

OR

2 A student will take any two of the following groups (d), (e), (f), (g) and (h) each group containing one paper, 100 marks, 3 hours each

d) Modern Business Paper I – Advanced Business Economics

e) Industry Paper I – Industry and Labour

f) Agriculture Paper I – Economics of agriculture

g) Modern Finance Paper I – Banking

h) International Banking Paper I

OR

3 Advanced Business Management, Papers I & II (New Course)
(In force from June, 1983)

Group A: (Compulsory subject)

Paper I : ECONOMICS OF DEVELOPING COUNTRIES *(New Course effective from 1989)*

1. Concept of growth, development, underdevelopment indicators and measurement of developing minimum needs, physical quality of life index.
2. Inter-relationship between population and development-demographic transition population, Trap population policy in developing countries.
3. Nature and problem of unemployment and underemployment in developing countries. Employment policies.
4. Concept of poverty line-indicators of poverty-dimensions of poverty in the third world antipoverty policies and programmes. Inter-relationship between population, poverty and unemployment.
5. Transformation of agriculture-technological and institutional changes in agriculture and their impact on productivity and equity.
6. Strategies of industrialization Impact of alternative strategies of growth, self reliance and employment-Govt. policies of industrialization in underdeveloped countries and their effects choice of techniques of production appropriate technology for developing countries.
7. Role of monetary and fiscal policies in economic development tax structure and policies in developing countries. Taxation borrowing and deficit financing as methods of financing public expenditure and their effects.
8. Market economy-Its limitations-Role of planning In development models of planning (Aggregate, sectoral and input-output models-basic concepts only) experience and persons of planning in developing countries.
9. Foreign trade and development inward looking and outward looking trade policy and development custom union and developing, countries of foreign, capital, foreign aid and burden of repayment of debt-Transfer of technology multi-national corporations.
10. Working of international monetary system exchange rate policies problems of international monetary system reforms in the present monetary system with reference to developing countries New world economic order.

SECTION I 50%

- 1 a) **Cost of capital:** Significance-concept-specific cost for various source of finance viz. cost of debts (debentures and bonds, deposits and loans).
Cost of preference capital, cost of equity capital and cost of retained earnings- weighted average, cost of capital.
- b) **Capital Structure:** Planning the initial capital structures-features of a sound or appropriate capital structure-capital structure theories, viz. Net income approach, net operating income approach, traditional view, the modigliani-Miller Hypothesis.
- 2 a) **Leverages:** Meaning and types of leverages
- b) **Operating Leverage:** Measurement and degree of operating leverage (simple problems impact of operating leverage on EBIT)
- c) **Financial leverage:** Measurement and degree of financial leverage, effects financial leverage on valuation of a firm (simple problem on calculation of financial leverage and impact of financial leverage on EBT and on the price of the share expected).
- d) **Combined leverage**

SECTION II 50%

3. Working capital management

- a) **Management of cash** (Excluding problems on preparation of cash budget) Importance, functions, problems-factors. Determining cash flow, cash planning, i.e. cash forecasting methods, i.e. receipts and disbursement method and adjusted net income method long term cash forecasting-determining the optimum cash balance-advantages of cash budget-difficulties in cash budget-advantages and limitations of cash management.
- b) **Management of Receivables:** Objectives of maintaining receivables-cost of maintaining receivables-determinants of size of receivables-credit procedure for individual accounts-forecasting of receivables.
- c) **Management of Inventories –** Need to hold inventories-objectives of inventory management techniques.

4. Dividend policy

- a) **Forms of dividend-practical consideration, constrains in paying dividend-stability and significance and limitations of stable dividend policy, Dividend policy and share valuation; traditional position-Walter Model; Gordon Model, Miller and Modigliani Position, Radical position.**

5. Lease financing: Nature and Importance

Important issues. Impact/effects of the use of lease financing from the lessor's and lessee's viewpoints.

REFERENCE BOOKS

- | | | | |
|----|------------------|--|--|
| 1. | I.M.S.Pandey | Financial Management | Vikas Publishing, Delhi |
| 2. | V.S.Murthy | Management Finance | Vakil Feffer & Simons Ltd., Bombay |
| 3. | S.C. Kuchal | Financial Management | |
| 4. | Khan & Jain | Financial Management | Tata McGraw Hill Co. Ltd. 2 nd ed |
| 5. | Prasanna Chandra | Financial Management | Tata McGraw Hill Publishing Co. Ltd. |
| 6. | | Financial Management | EW FACT Professional studies series |
| 7. | R.M. Shrivastava | Financial Decision Making ACCA for Paper 3-2. (Text, problems and answers) | Sterling Publishers Ltd. |

(NOTE : Not more than 30% marks should be allotted for prescribed examples).

6. Financial management :

Meaning of finance-finance function in business-importance of finance function in the organization. Financial management and role of finance manager in the organization- Interrelationship between finance function and other functional areas of management underlying objectives in resource management. Satisfactory return on investment.

Capital plan – General understanding of fixed and working capital needs-essentials of a good capital plan.

Capitalization-meaning, causes, effects, remedies of under capitalization and over capitalization watered stock. Capital structure-meaning determinants of capital structure Meaning and computation of trading on equity.

Cost of capital-meaning importance-computation of cost of capital for equity and preference share capital an bonds or debentures bearing fixed interest.

(NOTE: Computation of average cost capital and impact of average cost of capital on the price of the share and on the valuation of the firm is not expected).

Capital budgeting-meaning steps, types of projects (Independent and mutually exclusive) Availability of funds (unlimited and capital rationing) approaches to capital. Budgeting decisions (Accept-Reject approach, ranking approach) techniques of capital budgeting-pay back average rate of return net present value or worth

(NOTE: Computation of Net present value is not expected).

Working capital-concept and types of working capital or factors determining working capital requirement-principles of working capital management trade off between profitability and risk, basic assumptions underlying such trade off, nature of such trade off.

(NOTE : out of five question, one question may cover topics both from personnel management and financial management.)

REFERENCE BOOKS

- | | | |
|------------------------------------|--|---------------------------------|
| 1. Jucious | Personal Management | Richard lawrn |
| 2. Flippo | Personnel Management | McGraw Hill |
| 3. Dale Yoder | Personnel Management and Industrial Relations | Practice Hall |
| 4. Arun Monappa and Mirza Siaydain | Personnel Management | Tata McGraws |
| 5. R.S. Dwivedi | Management of Human Resources | Oxford & I.B.H. |
| 6. Scular, Beutale, Youngolood | Effective Personnel Management | West Publishing Co. |
| 7. Torrington and Hall | Personnel Management | Practice Hall |
| 8. Sherleker | Modern Business Organisation and Management (Systems Approach) | Himalaya Publishing Co. |
| 9. P.V. Kulkarni | Financial Management | Himalaya Publishing Co. |
| 10. Khan & Jain | Financial Management | Tata-McGraw Hill Publishing Co. |
| 11. Van Horne | Financial Management and Policy | Prantice-Hall of India |
| 12. Gitman | Principles of Managerial Finance | Harper Collins Publishers |

Group B: (Voluntary Subject)

COST ACCOUNTING – I

SECTION – I

1. Cost classification, control and analysis

1. Brief idea of cost classification:

- (i) According to elements
 - (ii) According to function or operations
 - (iii) According to nature or behavior
 - (iv) According to account ability
 - (v) According to normality
- (C.A. Final Group II material I Module I Conceptual)

2. Cost Control

- (i) Inventory Control
 - > ABC Analysis
 - > VED Analysis
 - > EESD Analysis
 - > Eco-Basic Model
- (ii) Labour cost control : Labour productivity efficiency and
- (iii) Overhead Cost Control : Under and over absorption of overheads (Treatment only)
- (iv) Learning curve

2. Integrated accounts

3. Variance analysis

Computation of material, labour, overheads and sales variance, variance analysis excluding opportunity cost analysis, interpretation, investigation and recording of variances.

4. Absorption and variable costing

Variable costing (Direct costing) and absorption costing development of variable costing-income distinction-advantage of variable costing-dangers of variable costing-evaluation of variable costing. Stock valuation and measuring profits under variable costing and absorption costing.

5. Value analysis

Value analysis, procedure, illustration, advantages, value analysis and engineering, impact of value engineering on profit, distinction between value engineering and value analysis.

Techniques of value analysis and engineering (conceptual idea)

- i) Total quality management
- ii) Just in time
- iii) Product mix optimization
- iv) Cost effectiveness analysis
 - > Measurement of cost effectiveness
 - > Evaluation of cost effectiveness criteria
 - > Steps for evaluation of cost effectiveness

Group B: (Voluntary Subject)

COST ACCOUNTING – II

SECTION – I

1. Basis of accounting

- (i) Concepts, Conventions, Principles (GAAP) of Accounting
- (ii) Accounting Standard Need and Process
- (iii) Indian Accounting Standards; AS 1 to 6 & AS 8 and 9
- (iv) Harmonisation of Accounting standards

3. Preparation of Financial Statement

- (i) Legal requirements under the Companies Act, 1956
- (ii) Some important issues, inventory, depreciation and tax provision
- (iii) Managerial remuneration (including problems)
- (iv) Recent Trends in Presentation of Financial Statements
- (v) Preparation of value added statement
- (vi) Advanced level problems

- 5. (a) Hire purchase trading account
- (b) Packages and containers Accounts

SECTION – II

2. Emerging dimensions in accounting

- (i) Inflation accounting CPP and CCA
- (ii) Human resource accounting
- (iii) Social accounting
- (iv) Environmental accounting

4. (a) Holding Company Accounts

- (i) Sec.212 of the Companies Act 1956
- (ii) Consolidated balance sheet
- (b) Account for merger and amalgamation (including inter company owings & holdings)

6. Accounts of General Insurance Companies

- (i) Brief idea about the accounting systems of general insurance company
- (ii) Preparation of final accounts

Cost Accounting – II

Suggested Readings

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|---------------------------------------|--|---|
| 1. Ravi M. Kishore | Advanced Management Accounting | Taxman Allied Services Pvt. Ltd., New Delhi, 1997 |
| 2. S.K. Bhattacharya and John Dreaden | Accounting for Management Tax & Cases | Vikas Publishing House Pvt. Ltd., New Delhi 1996. |
| 3. N.K. Kulshreshtha | Management Accounting Concepts & Cases | Tata McGraw Hill 60, New Delhi, 1996 |
| 4. A.M. Mukherjee & M. Hanif | Modern Accounting (Vol.II) | Tata McGraw Hill Co., New Delhi, 1995 |
| 5. S.N. Maheshwari | Advanced Accountancy (Vol.II) | Villas Publishing Co. Ltd., New Delhi, 1998 |
| 6. S.N. Maheshwari | Management Accounting & Financial Management | Sultan Chand & Sons, New Delhi, 1997 |
| 7. V.K. Saxena & C.D. Vashist | Cost & Management Accounting Methods. Techniques and applications. | Sultan Chand & Sons, New Delhi, 1996 |
| 8. Deakin & Maher, Richard D. | Cost Accountancy | Irvin, Inc., 1991 |
| 9. Jawaharlal | Contemporary Issues in Accounting | Vision Books Ltd., 1993 |
| 10. N. Dasgupta | Environmental Accounting | Wheeler Publishing House, New Delhi, 1997 |