

## **Syllabus for Entrance Test to One Year M.Com Program (Accounting and Taxation)**

### **Unit I**

Accounting: Principles, Concepts & Conventions, Primary & Secondary Books of Accounting, Trail Balance, Bank Reconciliation Statement, Depreciation Accounting, Accounting of Accruals & Deferrals, Final Accounts of sole proprietors. Accounting for Partnership Firms, Provisions of the Indian Partnership Act 1932 in the absence of partnership deed, Preparation of Profit and Loss Appropriation account - division of profit among partners, guarantee of profits, past adjustments, methods of valuation of Goodwill. Admission of a partner - effect of admission of a partner on change in the profit-sharing ratio, treatment of goodwill (as per AS 26), treatment for revaluation of assets and reassessment of liabilities, treatment of reserves, accumulated profits and losses, adjustment of capital accounts and preparation of capital, current account and balance sheet.

### **Unit II**

Retirement and death of a partner: effect of retirement / death of a partner on change in profit sharing ratio, treatment of goodwill (as per AS 26), treatment for revaluation of assets and reassessment of liabilities, adjustment of accumulated profits, losses and reserves, adjustment of capital accounts and preparation of capital, current account and balance sheet. Dissolution of a partnership firm: meaning of dissolution of partnership and partnership firm, types of dissolution of a firm. Settlement of accounts, preparation of realization account and other related accounts.

### **Unit III**

Royalty Accounting: Minimum Rent, Short workings, Accounting Entries and Sub- Lease. Branch Accounting: Accounting for various types of Department Branches, Debtors System, Final Account System, Stock and Debtors system, Whole sale Branch system, Independent Branches system, Accounting Treatment, , Inter-branch Transaction, Incorporating of Branch Trail Balance in the & Head Office Books & Foreign Branches Higher Purchase: Hire Purchase and Installment Purchase System, Hire Purchase Agreement, Hire Purchase Price, Cash Price, Hire Purchase Charges, Net Hire Purchase Price, Net Cash Price; Calculation of Interest, Calculation of Cash Price; and Journal Entries and Ledger Accounts in the books of Hire Purchaser and Hire vendor.

### **Unit IV**

Joint Stock Companies: Formation of a Company, Issue of Shares and Debentures, Application Money, Calls in Advance, Calls in Arrears, Accounting of 1st call, 2nd call, Final Call, Forfeiture of shares, Surrender of Shares, Shares issued at discount and premium. Debentures: Accounting for debentures. Company Final Accounts: Books of Account, Introduction to Company Final Accounts. Formats of Financial Statements: Schedule III (Companies Act 2013). Familiarity with the Items of Financial Statements, Preparation of statement of Profit and Loss Account and Balance Sheet as per Schedule III to the company Act 2013. Accounting of banking companies, Subsidiary books, and preparation of financial statement as per banking regulation Act 1949. Companies: Insurance: Insurance Companies: Preparation and Presentation of Corporate Final Accounts for Life and General Insurance Companies, Final Accounts in Accordance with Insurance Legislation.

### **Unit V**

Auditing: Meaning, Objectives and basic principles governing an Audit. Classification of Audit: on the basis of organisation, on the basis of Function, on the basis of practical approach and on the basis of Audit Dimension. Techniques and procedures of Auditing. Role of an Auditor in an Organisation. Vouching: Principles, Objectives and importance. Vouching and Verification, Vouching and Routine Checking. Verification and Valuation of Assets and Liabilities. Difference between Verification and Valuation. General principles for Verification and Valuation of Assets

and Liabilities. Challenges in Verification and Valuation of Assets and Liabilities. Concept of Internal Control, Internal Check and Internal Audit. Audit of Sole Proprietorship and Partnership Firm: Salient features of Audit of Accounts of Sole-proprietorship and Partnership Firms. Rights, Duties and Liabilities of Auditor of a Sole- Proprietorship and partnership Firm. Audit Reports on Accounts of Sole proprietorship and Partnership Firm. Sole-proprietorship Audit Vs Partnership Firm Audit. Company Audit: Introduction, preliminaries before commencement of company audit, audit of accounts of a company under Indian Companies Act, 2013. Special requirements of Company Audit. Rights, duties and role of a company Auditor. Treatment of Divisible Profits and Dividends under Indian Companies Act 2013. General guidelines for distribution of dividends. Auditor's duty regarding payment of dividend.

### **Unit VI**

Cost Accounting: Cost concepts and classifications, Methods of Costing, Techniques of Elements of Cost, and Preparation of Cost Sheet. Material Control: Essentials of Material Cost Control, Purchase Control, Store Keeping and Inventory Control, Methods of Pricing of Materials- LIFO, FIFO, Simple Average Method, Weighted Average Method and treatment of Material Loss.

### **Unit VII**

Labour Cost Control: Concept of Labour Turnover, Causes of Labour Turnover, Methods and measurement of Labour Turnover: Separation Method, Replacement Method and Flux Method, Concept of Idle Time, Causes and accounting treatment of Idle Time, Concept of Overtime and its disadvantages, Methods of Wage Payment, Accounting for Wages, Labour Cost Control. Overheads: Allocation of Overheads and Apportionment of Overheads, Distinction between Allocation and apportionment, Absorption of Overheads- Overhead Rate and its types, Under and over absorption of overheads, Cost Accounting books and various types of Ledgers, Accounting for Materials, Wages, Direct Expenses and Overheads.

### **Unit VIII**

Residential status of an Individual, Hindu Undivided Family (HUF), Partnership Firm, Association of Persons (AOP), or Body of Individuals (BOI), Company. Relationship between Residential Status and Incidence of Income, Connotation of Receipt of Income, Accrual Income, Income deemed to accrue in India Income Exempted u/s 10, Special provisions in respect of newly established undertaking in free trading zone, Hundred percent Export-Oriented Undertakings, Profit from export of artistic hand-made wooden articles, Exemption in respect of income from property held for charity, Political party claim exemption, Exemption to Electoral trust.

### **Unit IX**

Income under the Head Salaries: Basis of Charge, Due basis of Taxation, Computation of salary in the grade system, Employer and employer relationship, salary received from former employer, other for consideration for taxability of salary, Salary u/s 17(1), Allowances, Perquisites u/s 17(2), Valuation of perquisites, Profit in lieu of or in addition to salary, Gratuity, Commuted value of pension, Retrenchment compensation, statutory provident fund/PPF/RPF, HRA, Deductions allowed u/s 16. Income from House Property: Annual value of a property u/s 23, Determining the annual value u/s 23, Deduction u/s 24, Unrealized rent received u/s 25AA, Arrears of rent received u/s 25B. Income from Business and Profession: Income chargeable under the head Profits & gains of business or profession , Incomes not taxable under the head Profits and gains of business or profession , Expenditures allowed as deduction 176, Specific Deductions, Rent, rates, taxes, repairs & insurance for building , Repairs & insurance of machinery, plant & furniture.

## **Unit X**

Income from Capital Gains: Meaning of Capital Assets, types of capital assets, transfer, cost of acquisition, cost of improvement, selling expenses, Indexisation of cost, treatment of advance money received, exemptions, Practical problems. Computation of income from other sources: Specific Income, deductions, grossing-up, practical problems. Income from Other Sources: Basis of Chargeability , Casual Income: Winning from lotteries, crossword puzzles, Method of grossing up of income / Conversion of income received into gross income in case of casual income, Income from machinery, plant or furniture let on hire, Income from machinery, plant or furniture let on hire along with building (Composite Rent).

## **Unit XI**

Set-off and Carry Forward of Losses: Set-off of losses of current previous year u/s 70, Carry forward and set-off losses, Problems on set-off and carry forward of losses. Deductions in Computing Total Income: Deductions u/s 80C, 80CCC and 80CCD, 80D, 80E, 80TTA, 80TTB, 80U. Assessment of companies under normal provisions of Income Tax Act 1961, Computation of taxable income & tax liability under normal provisions, Minimum Alternative Tax (MAT) Computation of Book-profit under section 115JB, Computation of tax liability under MAT provisions. Tax credit in respect of tax paid on deemed income under MAT provision.

## **Unit XII**

Company Formation and Conversion: Choice of Form of Business Entity; Conversion/ Re-conversion of One Form of Business Entity into Another – Incorporation of Private Companies, Public Companies, Companies Limited by Guarantee and Unlimited Companies and their Conversions/ Re-conversion/Re-registration – Formation of Nidhi Companies, Producer Companies and Mutual Benefit Funds –Commencement of Business and New Business; Pre Incorporation Agreements and Contracts – Formation of Non Profit Companies – Procedure Relating to Foreign Companies Carrying on Business in India. Memorandum and Articles of Association –Alteration of Memorandum of Association: Name Clause, Situation of Registered Office Clause, Objects Clause, Capital Clause and Liability Clause – Alteration of Articles of Association and its effects.

## **Unit XIII**

Introduction: Pre-GST indirect tax structure in India, Evolution of GST, Conceptual framework, Benefits of GST, Taxes subsumed in GST, GST Models: CGST, SGST, IGST, UTGST and Compensation to States, Administration under GST, CGST Act 2017 (Short title, extent and commencement), CGST Act (Definitions).Levy and collection CGST: Basis of charge under GST, GST levied in case of inter-state supply, GST levied in case of intra-state supply, GST rates notified for supply of various goods & Services. Concept of Supply: Meaning & scope of supply, Types of Supply: Deemed Supply, Composite and Mixed Supply. Inter-State Supply vs. Intra-State Supply, Schedule-I Supply made without consideration, Schedule II matters to be treated as supply of goods or services, Activities or transactions treated neither as the sale of goods nor sale of services as per Schedule III of CGST Act 2017 (negative list). Practical case studies analyzing supply provisions.

## **Unit XIV**

Place of Supply: Location of Supplier and PoS, Location of supplier of goods, Location of supplier of Services, location of recipient of services, Determination of PoS of goods & services, Case studies on PoS of supply. Time of Supply: ToS determination & its significance, Determination of ToS of goods & Services, ToS in case of change in GST rate, Practical problems analyzing supply provisions. Valuation of Taxable Supply: Different methods of calculation of value of taxable supply, Determination of VoS under Rule 27 to 35, other modes of determination of value of

taxable of taxable supply, Determination of rate of exchange of currency, Determination of VoS inclusive of GST, Practical problems on computation of value of supply under GST. Reverse charge mechanism (RCM): Concept, RCM application on certain goods & Services, supply from an unregistered person to registered person, Supply of services through an e-commerce operator. Input Tax Credit: Conditions for taking input tax credit, ITC for payment of CGST, SGST and IGST, Apportionment of Credit and its determination, Mode of computation of ITC pertaining to capital goods and reversal, Mode of distribution of credit by Input Service Distributor (ISD), Problem-solving on application of RCM and availing of ITC.

### **Unit XV**

Meaning of Output Costing, Ascertainment of Cost and Profit under Output Costing, Divisions of cost and Detailed Cost Sheet, Treatment of Stock, treatment of special items of Cost and Non-Cost Expenses, Estimated Cost Sheet for the purpose of Tender and quotations. Job Costing: Procedures in Job order Costing. Meaning and Features of Batch Costing. Ascertainment of Batch Cost and Job Costing Vs Batch Costing. Contract Costing: Introduction, Features of Contracts and Contract Costing, Recording of Costs of a Contract, Recording of Value and profit of Contracts, profit or loss on Contracts, Escalation Clause, Cost Plus Contracts- Principles guiding Cost Plus Contracts ,Incomplete Contracts. Meaning and Features of Process Costing, Costing Procedures, important aspects of process costing (Normal Loss, Abnormal Loss and Gain), Valuation of Work-in-progress when only closing WIP exists, Valuation of WIP when both opening and closing WIP exists, Steps in Valuation of Equivalent Units. Costing of Joint Products and Bye-Products: Joint product Costing, Waste, Scrape, defectives and spoilage. Accounting for Joint products and Bye-products. Meaning and Features of Service Costing, Ascertainment of Service Cost per Unit, Application of Service Costing to Transport, Hotels & Hospitals. Reconciliation of Cost and Financial Accounts, Reasons for Variation, Procedure for reconciliation.

### **Unit XVI**

Role of Accounting in Managerial Decision making. Financial vs. Cost and Managerial Accounting. Cost Management Systems: Treatment of overheads under Traditional vs. Activity Based Costing systems. Design and Implementation. Cost computation and Product Profitability Analysis under ABC. Understanding of Activities, Cost drivers and Cost pools under ABC. Marginal Costing: Marginal vs. Absorption costing. Tools of marginal costing: Cost-volume - Profit-Relationship, Break-even analysis; Differential Costing: Methods and applications; Special Application of Marginal and Differential Costing in Mgt. Decisions- Make or buy, change vs. Status quo. Optimum sales mix, Selling or further processing, Shutdown or Continue, exploring new market, Adding or Dropping a Product, etc.