



4.0 The paper of General Ability and Commerce and Accountancy will include questions covering the following broad fields of knowledge:-

**(A) GENERAL ABILITY (50 Marks)**

- (i) General awareness about the State- Punjab
- (ii) Indian Society, History & Culture, Polity, Economy, Human Development Indices and the Development Programmes;
- (iii) Everyday science and recent trends in Science and Technology,
- (iv) Basic concepts of Ecology and Environment;
- (v) Current Affairs of National and International importance

**(B) COMMERCE AND ACCOUNTANCY (50 Marks)**

**1.) BASIC CONCEPTS OF ACCOUNTING**

Nature, Scope and Objectives of Accounting—Accounting as an Information System—Users of Accounting Information.

Generally Accepted Principles of Accounting—The Accounting Equation—Accrual Concept—Other concepts and Conventions Distinction between capital and revenue expenditure.

Accounting Standards and their application—Accounting standards relating to fixed assets, depreciation, inventory, recognition of revenue.

Final Accounts of Sole Proprietors, Partnership Firms and Limited Companies—Statutory Provisions —Reserves, Provisions and Funds.

Final Accounts of non-profit organisation.

Accounting problems related to admission and retirement of a partner and dissolution of a firm.

Accounting for Shares and Debentures—Accounting Treatment of convertible debentures.

Analysis and Interpretation of Financial Statements Ratio analysis and interpretation.

Ratios relating to short term liquidity, long term solvency and profitability—Importance of the rate of return on investment (ROI) in evaluating the overall performance of a business entity—Cash-flow statement and statement of source and Application of Funds—Societal obligations of Accounting.

## **2.) CONTEMPORARY ISSUES IN ACCOUNTING**

(a) Introduction to Inflation Accounting, its utility. Methods of Accounting for Inflation. Periodic Revaluation of Fixed Assets, Current Purchasing Power Accounting, Current Cost Accounting, Net Realisable Value Accounting, Value to Business Accounting and Current Cost, Current Purchasing Power Accounting,

Inflation Accounting Standards and practices USA's FAS-33, UK's, SSAP-16, Inflation Accounting Practices in India, Australia and Canada and Inflation Accounting in selected Indian Companies.

Value Added and Value Chain Analysis. Accounting for Currency Translation. Introduction to Human Resource Accounting and Audit. Methods of Accounting for Human Resources:

Human Resource Cost Accounting and Human value accounting. Significance, Limitations, problem areas and practices in selected Indian Companies.

(b) Introduction of social responsibility accounting, justification for additional disclosure, classification and conceptual models of social responsibility accounting. Total impact accounting and social reporting issues. Practices in selected Indian Companies.

Corporate Reporting Issues: Lease accounting. Accounting for mergers/consolidation, Accounting for financial instruments. Accounting for Brand Equity, Accounting for stock options and redeemable preferred stock. EPS reporting; time for an overhaul.

## **3.) CORPORATE FINANCIAL POLICY**

(a) Introduction to Corporate Finance—The objective function in Corporate Finance—Role of Financial Manager—Present Value—Introduction to Risk and Return.

Capital Structure: An overview of Financing Choices—Marketing Efficiency Lessons for Corporate

Finance –Capital Structure : Trade offs and Theory, Models and Application and the Financing Details.

Capital budgeting decision Rules—Estimating Cash flows—Issues in Capital Budgeting –Uncertainty and

Risk in Capital Budgeting –Organizing and Following up on Investment Decision.

(b) Working, Estimation and Financing. Dividend Theories, The Determinants of Dividend Policy – A framework for analyzing Dividend Policy.

Shareholder Value Creation, Mergers and Acquisitions, Option pricing.

## **4.) COST ANALYSIS AND CONTROL**

(a) Cost Accounting Information System : Design, installation and updating. Latest developments in the area of cost system designing; activity-based costing and backflush costing, maintenance of statutory cost records in India and analytical study of Cost Accounting Record Rules.

Direct Costing: Theory and Practice, Cost-volume-profit analysis, Special decisions based on differential cost analysis, Standard Costing : Development of Standard Costs, Target Costing, significance, analysis and investigation of variances, Accounting for variances single plan and partial plan.

(b) Budgetary Control System: Multiple roles of budgeting, organizational behaviour and operating budgets.

Behavioural aspects of budgeting.

Performance Evaluation: Evaluating cost centre, profit centre and investment centre performance,

Evaluation criteria, return on capital employed and residual income.

Nonfinancial quality performance measures.

Transfer Pricing : Divisional performance and transfer pricing.

Corporate view point. Transfer pricing determination.

## **5.) INVESTMENT MANAGEMENT**

(a) Nature and Scope of Investment Decisions; Investment Risk Analysis Techniques. Valuation of equities, debts convertible etc. Securities Markets in India and their working.

(b) Security Analysis : Economic Analysis, Industry Analysis, Fundamental Analysis, Company Level Analysis and Technical Analysis.

(c) Investment Management : Introduction to portfolio management, Modern portfolio theory, Assets allocation and portfolio construction, Portfolio revision.

(d) Investment Management : Investment management and tax planning.

## **6.) BASIC CONCEPTS OF AUDITING**

- Nature, objectives and basic principles of auditing.
- Techniques of Auditing—physical verification, examination of documents and vouching direct confirmation, analytical review.
- Planning an audit, audit programmes, working paper, audit process.
- Evaluation of internal controls.
- Test checking and sampling.
- Broad outlines of company audit.
- Audit of non-corporate enterprises.
- Internal and management audit.

## **7.) CONTEMPORARY ISSUES IN AUDITING**

(a) Auditing in the contemporary world. Concept of true and fair view. Relevance of Internal Control for the auditor. Position of auditor under Companies Act, 1956. Auditor Report. Liabilities.

(b) Audit of Limited Companies—Audit Report –MAOCARO. Audit of Government, Banking, Co-operative and Insurance Companies, Case Histories.

Management Audit—Meaning, Scope and necessary, Audit of various Management functions.

(c) Cost Audit—Maintenance of Cost Record, Study of Cost Accounting.

Record rules, the cost auditor, Planning for Cost Audit, Format of Cost Audit Report.

Internal Audit—Scope, Purpose and Significance. Independence and code of ethics. Relationship between internal auditor and external auditor. Internal auditor report.

(d) Audit of EDP and computerized accounting system. The effect of Computer on audit work and audit approach to computer based accounting system.