

## **GUIDELINES FOR CSB CANDIDATES : PGT COMMERCE**

1. **Aim.** To test the level of knowledge of the candidate and assess his/her suitability for employment as PGT Commerce to teach with proficiency in class XI & XII in an **English** medium **Private** school system following the syllabus prescribed by **CBSE**.

2. **Knowledge Level.** Though PGT Commerce has to teach class XI & XII, the knowledge level will be beyond class XII so that the educator can help and guide learners to think critically “beyond TEXT BOOKS”.

3. **Understanding.** Candidate should be very well versed with the Accounting Principles and Practices. Also s/he should have good understanding of business, commerce and trade. S/he should be able to analyse and comprehend a question asked in the paper and be in a position to choose the correct/relevant answer from the options given in English within the stipulated time.

4. **Awareness.** Candidates are also required to be very well verse with the latest developments in the in the field of teaching and learning besides having relevant subject knowledge of Business Studies, Commerce and Accountancy.

5. **Format of the Paper.** The paper will consist of 90 questions based on the following format:-

- |     |                          |       |
|-----|--------------------------|-------|
| (a) | Knowledge Based Ques     | - 10% |
| (b) | Understanding Based Ques | - 30% |
| (c) | Application Based Ques   | - 30% |
| (d) | Skill Based Ques         | - 25% |
| (e) | Value Based Ques         | - 05% |

6. The broad breakdown of question paper will be as under:-

### **Business Studies & Principle of Management** - 10 Marks

- (a) Foundations of Business, Finance & Trade.
- (b) Principles and Functions of Management
- (c) Business Finance and Marketing

### **Introduction to Accounting** - 10 Marks

- (a) Accounting- objectives, advantages and limitations, types, uses and their needs.
- (b) Theory Base of Accounting
- (c) Accounting standards
- (d) Recording of Transaction
- (e) Preparation of Ledger, Trial Balance and Bank Reconciliation Statement

### **Accounting for Partnership Firms** - 25 Marks

- (a) Accounting for Partnership firms - Fundamentals
- (b) Accounting for Partnership firms - Reconstitution and Dissolution

### **Accounting for Companies** - 25 Marks

- (a) Accounting for share Capital
- (b) Accounting for Debentures

**Analysis of financial Statements****- 10 Marks**

- (a) Financial statements of a company
- (b) Financial Statement Analysis
- (c) Tools for Financial Statement Analysis
- (d) Accounting Ratios
- (e) Cash Flow Statement

**Misc Topics****- 10 Marks**

- (a) Computerised Accounting
- (b) Depreciation, Provisions and Reserves
- (c) Accounting for Bills of Exchange
- (d) Rectification of Errors
- (e) Financial Statements of Sole proprietorship
- (f) Financial Statements of not-for-Profit Organizations
- (g) Accounts from Incomplete Records

**TOTAL****- 90 Marks/Questions**

7. **Detailed Syllabus.** Detailed Syllabus is given as under:-

**Business Studies & Principle of Management****- 10 Marks**

Nature and purpose of business, Forms of Business Organisations, Public, Private & Global Enterprises, Classification of business as industry and commerce. Distinctive features of business – Business, profession and employment. Choice of Form of Organization .Large Scale and Small Scale Business-.Assistance by Government to Small Scale Sector. Form of Business Organization – Sole Proprietors, Joint Hindu Family, Partnership, Joint Stock Company and its formation, Cooperative organization. Business ownership- Private, public and Joint sector. Public Enterprises, Role-dynamics of Public Sector, Global Enterprises (Multinational Companies), Joint Ventures. Business Services, banking, insurance, transportation, warehousing, communication, Impact of Technology on Business Services. Emerging Modes of Business, Social Responsibility of Business and Business Ethics, Finance and Trade, Sources of business finance, Small Business, Trade: Internal Trade Retail and Wholesale trade, Emerging modes of business-franchisee, E-business and Outsourcing. International Business–Export-Import – Procedure and documentation, EPZ/SEZ . International Trade Institutions and Agreements – WTO, UNCTAD, World-Bank, IMF. Business Finance: Sources – owners and borrowed fund, Sources of raising finance, Equity and preference Shares, GDR,ADR, Debentures, Bonds – Retained Profit, Public Deposits, Loan from Financial Institutions and commercial banks, Credit-rating and rating agencies, Trade credit, Micro-credit.

**Principles and Functions of Management, Business Finance and Marketing**

Management – concept, objectives, nature of management as Science, Art and Profession, levels, Principles of Management general and scientific.

Business Environment – meaning, importance, dimensions, changing business environment–special reference to liberalization, privatization and globalization, Business – a Futuristic vision.

Management Function – Planning, organizing, staffing, directing, controlling and coordination

Business Finance: Financial Management – meaning, scope, role and objectives, financial planning, Capital structure, leverage, Fixed and working capital – meaning and factors affecting its requirements.

Financial Market – Money Market-nature, instruments, Capital Market- Primary and secondary, Stock exchange, NSEI, OTCEI, Procedures, SEBI.

Human Resource Management– meaning , importance, man-power estimation , Recruitment and selection, Training and development , Compensation, Performance Evaluation

Marketing – meaning, functions and role, Levels of Marketing , Changing facets of marketing , Product-mix, Models of Marketing.Organizational Behaviors : Individual behaviors , Motivation–concepts and applications, Personality perception, Learning and attitude, Leadership and its approaches, Communication , Group dynamics.

Emerging Trends in Management – Business Process Reengineering, Total Quality Management, Quality Circles, Benchmarking, Strategic Management, Knowledge Management, Business Standardization and ISO.

Consumer Protection – Meaning, importance, consumers’ rights, Consumers’ responsibilities, Consumer awareness and Legal redressal with special reference to consumer Protection Act, Role of consumer organization and NGOs.

### **Introduction to Accounting**

**- 10 Marks**

Accounting- objectives, advantages and limitations, types, uses and their needs.

Basic accounting terms: business transaction, account, capital, drawings, liability (internal & external, long term & short term) asset ( tangible & intangible, fixed, current, liquid and fictitious) receipts (capital & revenue), expenditure (capital, revenue & deferred), expense, income, profits, gains and losses, purchases, sales, stock, debtors, bills receivable, creditors, bills payable, goods, cost, vouchers, discount - trade and cash.

**Theory Base of Accounting** Fundamental accounting assumptions: going concern, consistency, and accrual, Accounting principles: accounting entity, money measurement, accounting period, full disclosure, materiality, prudence, cost concept, matching concept and dual aspect. Double entry system. Basis of accounting - cash basis and accrual basis.

Accounting standards: concept & objective. IFRS (International Financial Reporting Standards).

**Recording of Transaction:** Accounting equation: analysis of transactions using accounting equation. Rules of debit and credit: for assets, liabilities, capital, revenue and expenses. Origin of transactions- source documents (invoice, cash memo, pay in slip, cheque), preparation of vouchers - cash (debit & credit) and non cash (transfer).

Books of original entry: format and recording - Journal. Cash book: simple, cash book with bank column, petty cash book, Other books: purchases book, sales book, purchases returns book, sales returns book, bills receivable book, bills payable book and journal proper.

### **Preparation of Ledger, Trial Balance and Bank Reconciliation Statement**

Ledger - format, posting from journal, cash book and other special purpose books, balancing of accounts. Trial balance: objectives and preparation. Bank reconciliation statement: need and preparation. Corrected cash book balance.

## **Accounting for Partnership Firms**

**- 25 Marks**

### **Accounting for Partnership firms - Fundamentals**

- Partnership : features, Partnership deed.
- Provisions of the Indian Partnership Act 1932 in the absence of partnership deed.
- Fixed v/s fluctuating capital accounts, division of profit among partners, guarantee of profits, past adjustments (relating to interest on capital, interest on drawing, salary and profit sharing ratio), preparation of P&L Appropriation account.
- Goodwill: nature, factors affecting and methods of valuation - average profit, super profit, and capitalization

### **Accounting for Partnership firms - Reconstitution and Dissolution**

- Change in the Profit Sharing Ratio among the existing partners - sacrificing ratio, gaining ratio. Accounting for revaluation of assets and re-assessment of liabilities and distribution of reserves and accumulated profits.
- 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 re-assessment of liabilities, treatment of reserves and accumulated profits, adjustment of capital accounts and preparation of balance sheet
- Retirement and death of a partner: effect of retirement /death of a partner on change in profit sharing ratio, treatment of goodwill, treatment for revaluation of assets and re-assessment of liabilities, adjustment of accumulated profits and reserves. calculation of deceased partner's share of profit till the date of death. Preparation of deceased partner's capital account, executor's account and preparation of balance sheet.
- Dissolution of partnership firms: types of dissolution of firm. Settlement of accounts - preparation of realization account, and other related accounts (excluding piecemeal distribution, sale to a company and insolvency of partner's firm) .

## **Accounting for Companies**

**- 25 Marks**

### **Accounting for share Capital**

- Share and share capital : nature and types
- Accounting for share capital: issue and allotment of equity shares, private placement of shares, Public subscription of shares - over subscription and under subscription of shares; Issue at par and at premium and at discount, calls in advance and arrears, issue of shares for consideration other than cash.
- Accounting treatment of forfeiture and re-issue of shares.
- Disclosure of share capital in company's Balance Sheet only.

### **Accounting for Debentures**

- Debentures: Issue of debentures at par, at premium and at discount. Issue of debentures for consideration other than cash, debentures as collateral security, interest on debentures • Redemption of debentures : Lump sum, draw of lots and conversion.

## **Analysis of financial Statements**

**- 10 Marks**

- Financial statements of a company: balance sheet of a company in the prescribed form with major headings and sub headings (as per schedule VI to the Companies Act 1956).
- Financial Statement Analysis: objectives and limitations.
- Tools for Financial Statement Analysis: comparative statements, common size statements, cash flow analysis, ratio analysis.
- Accounting Ratios: objectives and classification.
- Liquidity ratios: current ratio and quick ratio.

- Solvency Ratios: Debt to Equity Ratio, Total Asset to Debt Ratio, Proprietary Ratio, Interest Coverage Ratio.
- Activity ratios: Stock Turnover Ratio, Debtors Turnover Ratio, Creditors Turnover Ratio, Working Capital Turnover Ratio.
- Profitability Ratios : Gross Profit Ratio, Operating Ratio, Operating Profit Ratio, Net Profit Ratio and Return on Investment.

### **Cash Flow Statement**

- Meaning, objectives and preparation (as per AS 3 revised) (Indirect Method)

### **Misc Topics**

**- 10 Marks**

### **Computerised Accounting**

Overview of Computerised Accounting System, Accounting Application of Electronic Spread Sheet, Using Computerized Accounting System, Database Management System (DBMS)

**Depreciation, Provisions and Reserves** Depreciation: concept, need and factors affecting depreciation; methods of computation of depreciation: straight line method, written down value method (excluding change in method) Accounting treatment of depreciation: by charging to asset account, by creating provision for depreciation/ accumulated depreciation account, treatment of disposal of asset.

Provisions and reserves: concept, objectives and difference between provisions and reserves; types of reserves- revenue reserve, capital reserve, general reserve, specific reserves and secret reserves.

**Accounting for Bills of Exchange** Bills of exchange and promissory note: definition, features, parties, specimen and distinction. Important terms : term of bill ,due date, days of grace, date of maturity, bill at sight, bill after date, discounting of bill, endorsement of bill, bill sent for collection, dishonor of bill, noting of bill , retirement and renewal of a bill, insolvency of acceptor. Accounting treatment of bill transactions

**Rectification of Errors** Errors: types-errors of omission, commission, principles, and compensating; Their effect on Trial Balance. Detection and rectification of errors; preparation of suspense account.

**Financial Statements of Sole proprietorship** Financial Statements: objective and importance. Trading and profit and loss account: gross profit, operating profit and net profit. Balance Sheet: need, grouping, marshalling of assets and liabilities. Adjustments in preparation of financial statements : with respect to closing stock, outstanding expenses, prepaid expenses, accrued income, income received in advance, depreciation, bad debts, provision for doubtful debts, provision for discount on debtors, manager's commission, abnormal loss, goods taken for personal use and goods distributed as free sample. Preparation of Trading and Profit and Loss Account and Balance Sheet of sole proprietorship.

**Financial Statements of not-for-Profit Organizations** Not-for-profit organizations: concept. Receipts and payment account: features. Income and expenditure account: features. preparation of income and expenditure account and balance sheet from the given receipt and payment account with additional information.

**Accounts from Incomplete Records** Preparation of accounts from incomplete records.

8. **Study/Reference Material.**

Text Books of Class XI & XII published by NCERT for Business Studies and Accountancy.

**SUGGESTED REFERENCE BOOKS**

1. Analysis of Financial Statements by TS Grewal
2. Business Studies by Poonam Gandhi
3. Accountancy by Shukla, Grewal, Gupta
4. Business Studies by Gupta & Jain

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