TEACHER'S CARE ACADEMY

KANCHIPURAM

COMMERCE

UNIT- I (Marketing)

COMPETITIVE EXAM

FOR

PG-TRB 2019 – 20

MARKETING

NTRODUCTION:

- Our country, with population of over 120 crore is one of the biggest markets in the world.
- Our country, based on socialist pattern of growth and development, has moved away from license raj and centrally controlled system to free economy.
- These reforms in the form of liberalization, deregulation, relaxation of trade and investment controls and privatization have led to increase in exports and foreign exchange reserves, higher competition and efficiency in the market place and availability of a variety of goods and services.
- In olden days, goods were produced based on actual demand and hardly and marketing effort was required.

EXAMPLES:

- The job of the salesperson was simply to book orders.

MEANING OF MARKETING:

- The term market is derived from the Latin word "marcatus" which means merchandise trade or place were business is contracted it refers to the place actual buying & selling take place or were buyer & sellers personally meet together to effect purchase & sales.
- Marketing is the performs of business activity that direct flow of goods and services from producer to consumer.
- It includes all activities having to with effective changes in ownership & possession of goods and services.
- Business people uses the term markets refer to various grouping of customers such as product or service.

EXAMPLES:

- The common examples of marketing at work include television, commercials, billboards on the side of the road magazine advertisements etc…….
- Television market geographic market.

DEFINITION OF MARKETING:

- According to Philip kotler Marketing is social and managical process by which individuals and groups, obtain what they need and want through creating and exchanges product and value with others.

MARKETING CONCEPTS

1. Production Concept,
2. Product Concept,
3. Selling Concept,
4. Marketing Concept,
5. Societal Marketing Concept.

These concepts are described below;

PRODUCTION CONCEPT:

- The idea of production concept – "Consumers will favor products that are available and highly affordable". This concept is one of the oldest Marketing management orientations that guide sellers.
- Companies adopting this orientation run a major risk of focusing too narrowly on their own operations and losing sight of the real objective.
- Most times; the production concept can lead to marketing myopia. Management focuses on improving production and distribution efficiency in some situations.

PRODUCT CONCEPT:

The product concept holds that the consumers will favor products that offer the most in quality, performance and innovative features.

Here; under this concept,

- Marketing strategies are focused on making continuous product improvements.
- Product quality and improvement are important parts of marketing strategies, sometimes the only part. Targeting only on the company's products could also lead to marketing myopia.

TEACHER'S CARE ACADEMY

KANCHIPURAM

COMMERCE

UNIT II

COMPETITIVE EXAM

FOR

PG-TRB 2019 – 20

ADVERTISEMENTS

WHAT DO YOU MEAN BY ADVERTISEMENT?

A **advertisement** (ad) Paid, non-personal, public communication about causes, goods and services, ideas, organizations, people, and places, through means such as direct mail, telephone, print, radio, television, and internet. An integral part of marketing, **advertisements** are public notices designed to inform and motivate.

TYPES OF ADVERTISING:

- Newspaper. Newspaper advertising can promote your business to a wide range of customers.
- Magazine. Advertising in a specialist magazine can reach your target market quickly and easily. ...
- Radio. ...
- Television. ...
- Directories. ...
- Outdoor and transit. ...
- Direct mail, catalogues and leaflets. ...
- Online.

WHAT IS ADVERTISING AND EXAMPLE?

- **Examples** of above the line **advertising** are TV, radio, & newspaper **advertisements**. Below the line **advertising** include conversion focused activities which are directed towards a specific target group. **Examples** of below the line **advertising** are billboards, sponsorships, in-store **advertising**, etc

WHAT IS ADVERTISEMENT AND ITS IMPORTANCE?

- **Advertising** is the best way to communicate to the customers. **Advertising** helps informs the customers about the brands available in the market and the variety of products useful to them. ... Let us take a look on the main objectives and **importance** of **advertising**.

WHAT ARE THREE MAIN OBJECTIVES OF ADVERTISEMENTS?

- The three general ad objectives are to **inform**, to **persuade** and to **remind customers**. Within these broad **goals**, companies normally have more **specific**, quantified objectives, as well.

WHAT IS SOCIAL ADVERTISEMENTS?

- **Social advertising is advertising** that relies on **social** information or networks in generating, targeting, and delivering marketing communications. ... **Social advertising can** be part of a broader **social** media marketing strategy designed to connect with consumers.

WHAT IS GOOD ADVERTISEMENTS?

- A **good advert**: When designing an **advert** ensure it includes a high impact, provocative and memorable image. The image used should reflect your brand values and be relevant and engaging to your target audience. Ensure your **ad** features a strong, snappy headline to capture attention.

WHAT IS A BAD ADVERTISEMENT?

- False Advertising" is the use of dishonest, erroneous, misleading, baseless information to advertise or promote products and services to consumers. ... When people choose not to buy the products due to their association with negative brand image, sales suffer, which is sometimes the result of **bad advertisements**.

WHAT DOES NEGATIVE ADVERTISING MEAN?

- **Negative advertising** is an **advertising** technique which encourages using a product to avoid a **negative** consequence rather than to achieve a beneficial result.

WHAT IS UNETHICAL ADVERTISING?

- **Unethical advertising** is when you promise something you cannot deliver. ... Using **advertising** in a way that is misleading and uses false claims to get the public to buy the product they are trying to sell is **unethical**, because of its misuse of the information that is presented to the public.

WHAT IS ADVERTISING?

- Advertising is the action of calling public attention to an idea, good, or service through paid announcements by an identified sponsor.

According to Kotler –

- *Advertising is any paid form of non-personal presentation & promotion of ideas, goods, or services by an identified sponsor.*

According to the Advertising Association of the UK –

- *Advertising is any communication, usually paid-for, specifically intended to inform and/or influence one or more people.*

A simpler (and modern) definition of advertising can be – A paid communication message intended to inform people about something or to influence them to buy or try something.

CHARACTERISTICS OF ADVERTISING:

- **Paid Form:** Advertising requires the advertiser (also called sponsor) to pay to create an advertising message, to buy advertising media slot, and to monitor advertising efforts.

TEACHER'S CARE ACADEMY

KANCHIPURAM

COMMERCE

Unit-III

Accounting for management

COMPETITIVE EXAM

FOR

PG-TRB 2019 – 20

Unit-III

Accounting for management-Functions and Benefits-Analysis and Inter pretation of financial statements-Ratios-Fund flow and Cash Flow-Budgetory Control.

MANAGEMENT ACCOUNTING

The term management accounting refers to accounting for the management i.e. accounting which provides necessary information to the management for discharging its functions. It is the presentation of accounting information to assist management in the creation of policy and in the day to day operation. Thus, management accounting provides information to management for planning, organizing, directing, and controlling of business operations.

DEFINE MANAGEMENT ACCOUNTING

In the words of Robert.N.Antony "Management accounting is concerned with accounting information that is useful to management".

"Management accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and in the day to day operations of an undertaking".

NATURE AND FEATURE/CHARACTERISTIC OF MANAGEMENT ACCOUNTING.

1. Supply information:

It provides information to the management and not decisions. It is just like a map. The way in which the data is used depends up on the efficiency of the management. It provides information to the management for decision making purpose.

2. Forecasting:

It is concerned with future. It is not confined only to the collection of historical data or facts but also attempts to highlight up on "what should have been". So, it helps in planning for the future because decisions are always taken for future course of action.

3. Increase in efficiency:

Management accounting acts as a vehicle for enhancing the working efficiency of the organization. The efficiency of various departments and divisions can be improved by fixing targets. The actual performance is compared with target to ascertain the deviations. The process for fixing and achieving the targets leads to improvement in overall efficiency.

4. Techniques and concepts:

It uses special techniques and concepts to make accounting data more useful. It makes a study of costs by dividing the total costs into fixed, semi variable and variable components. The technique usually used includes marginal costing, uniform costing etc.

5. Cause and effect analysis:

Management accounting serves as a cause and effect analyzer. Financial accounting discloses the results but does not account for its reasons.

6. No fixed norms:

It has no set of rules and format like double entry system of book keeping. The required information is provided in a manner as it suits the management. Thus, the format and method of presentation of information will differ from concern to concern depending up on their individual requirements.

7. Assists management:

It assists management in several ways in its functions but does not replace it. It is an integral part of business management. It provides all assistance to management in all of its functions. By providing the accounting information in the required form, and at the required time it helps management.

8. Decision making:

Management accounting helps the management in the process of decision making. It provides required information to the management to take its decisions.

9. Internal use:

The information provided by management accounting is purely meant for internal use. Management accounting is basically designed for internal use of the management; it is a very little use to external parties.

SCOPE OF MANAGEMENT ACCOUNTING.

Management accounting is concerned with presentation of accounting information in the most useful way for the management. Its scope is very wide and broad. The following are some of the areas of specialization included in management accounting:

1. Financial accounting:

Management accounting is mainly concerned with the re-arrangement of the information provided by financial accounting. Hence, management cannot obtain full control and coordination of operations with out a properly designed financial accounting system.

2. Cost accounting:

Standard costing, marginal costing, opportunity cost analysis, differential costing and other cost techniques play a useful role in operation and control of the business undertaking.

TEACHER'S CARE ACADEMY

KANCHIPURAM

COMMERCE

UNIT- IV

COMPETITIVE EXAM

FOR

PG-TRB 2019 – 20

UNIT-IV

Capital Expenditure decisions-Marginal costing and Break Even analysis - Managerial uses- Working capital forecast-Zero based -Budgeting.

CAPITAL BUDGETING

Capital budgeting is also known as investment decision, capital expenditure, capital expenditure planning, project planning etc. It is process of making decision regarding investments in fixed assets such as land, building, machinery or furniture. The term investment refers to the expenditure which is required to be made in connection with the fixed assets. It is clear that capital budgeting correlates the planning of available financial resources and their long-term investment in order to maximize the profitability of the firm.

DEFINE CAPITAL BUDGETING:

- Charles T. Horngreen defines Capital budgeting as long-term planning for making and financing proposed capital outlay.
- Richards & Greenlaw defines Capital Budgeting as "The capital budgeting generally refers to acquiring inputs with long-returns."

NATURE OR CHARACTERISTICS AND FEATURES OF CAPITAL BUDGETING.

1. Investments. Capital plans involve a huge investment in fixed assets.
2. Long-Term. Capital expenditure once approved represents long-term investment that cannot be reserved or withdrawn without sustaining a loss.
3. Forecasting. Preparation of capital budget plans involves forecasting of projects.
4. Serious Consequences. In view of the investment of large amount for a fairly long period of time, any error in the evaluation of investment projects may lead to serious consequences, financially and otherwise and may adversely affect the other future plans of the organization.

capital budgeting is a multi-facet activity involving the search for new and more profitable investment proposals, investigating and predicting the effects of accepting the proposal and making profitability-analysis of each and every project.

Thus the salient features of capital budgeting are:

1. Potentially large anticipated benefits;
2. A relatively high degree of risk; and
3. A relatively long period between the initial outlay and the anticipated return.

Therefore decisions regarding capital investment should be taken very carefully so that the future plans of the company are not affected adversely.

NEED / IMPORTANCE OF CAPITAL BUDGETING

The following are the various reasons which imply the need/ importance of Capital Budgeting:

1. Long-Term Implications: Because they affect the future profitability of the firm and the cost structure, capital budgeting decisions have long-term implications for the firm. It influences the rate and direction of firm's growth. A wrong decision may not only lead the firm to a disastrous future, it may endanger the very survival of the firm. Unwanted investment in fixed assets will lead to unnecessary heavy operating costs to the firm. On the other hand, inadequate investment in assets would make it difficult for the firm to compete successfully resulting in the loss of its portion of the market share.

2. Risk Element: Long-term commitment of funds may also change the risk elements of the firm. If adoption of an investment proposal increases firm's average earnings but simultaneously causes frequent fluctuations in its earnings the firm will become more risky. Thus capital budgeting decisions need serious considerations.

3. Irreversible Decisions: The capital budgeting decisions are irreversible and the heavy amount invested cannot be taken back without causing a substantial loss because it is very difficult to find a market for the second-hand capital goods, and their conversion into other uses may not be financially feasible.

4. Effect on Company's Future Cost Structure: By taking a capital expenditure decision, a firm commits itself to a sizeable amount of fixed costs in terms of labor, supervisor's salary, insurance, rent of the building and so on. If the investment turns out to be unsuccessful in future or yields less than anticipated profits, the firm will have to bear the burden of fixed cost unless the asset is completely written off. In this the firm's future costs break-even points, sales and profits will be determined by its election of assets.

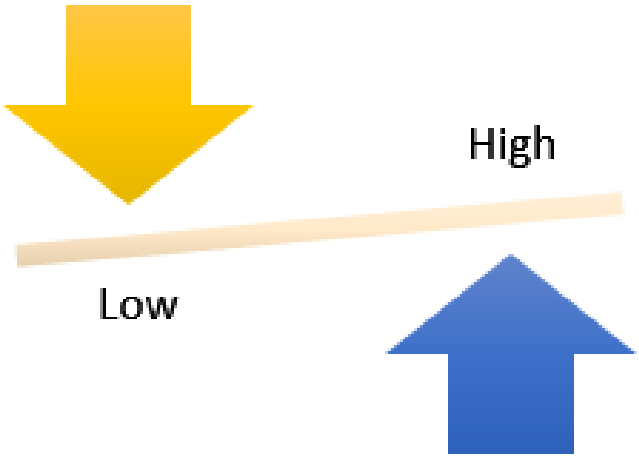
5. Bearing on Competitive Position of the Firm: As the fixed assets represent, in a sense, true earning assets of the firm, the capital investment in fixed assets decision has a bearing on the competitive position of the firm. These enable the firm to generate finished goods that can be sold for profit. It also determines the cost structure of the company's product. Thus capital investment decisions determine the future profits and cost for the firm which ultimately affects the competitive position of the firm.

TEACHER'S CARE ACADEMY

KANCHIPURAM

COMMERCE

UNIT- V



Costing

COMPETITIVE EXAM

FOR

PG-TRB 2019 – 20

UNIT V

COSTING

WHAT IS COSTING WITH EXAMPLES?

Product **costing** is the process of determining the business expenses associated with the manufacture of a product. ...

For **example**, a company manufacturing both laptop computers and cell phones may allocate expenses based on the number of machine hours used to produce each product.

DIFFERENCE BETWEEN COST AND COSTING:

Costing: '**Cost**' is a term whereas '**Costing**' is a process for determining the **cost**. It may be called a technique for ascertaining the **cost** of production of any product or service **in the** business organization.

WHAT IS COSTING METHODS:

Product **costing methods** are used to assign a **cost** to a manufactured product. The main **costing methods** available are process **costing**, job **costing**, direct **costing**, and throughput **costing**. Each of these **methods** applies to different production and decision environments.

Types of costing system:

There are two main **cost** accounting **systems**: the job order **costing** and the process**costing**. Job order **costing** is a **cost** accounting **system** that accumulates manufacturing costs separately for each job.

How do you process costing:

accounting, **process costing** is a method of assigning production costs to units of output. In **process costing** systems, production costs are not traced to individual units of output. Costs are assigned first to production departments. Then assign the costs to units of output as they move through the departments.

HOW DO YOU DO COSTING:

Add together your total direct materials costs, your total direct labor costs and your total manufacturing overhead costs that you incurred during the period to determine your total product costs. Divide your result by the number of products you manufactured during the period to determine your product cost per unit

WHICH ARE THE DIFFERENT TYPES OF COSTS?

For analyzing the various costs it is imperative to first understand the types of costs.

FIXED COSTS:

The costs that remain constant despite changes in production, process or projects are referred to as fixed costs. For example, in a manufacturing unit the salaries of the office staff will remain fixed irrespective of the production.

VARIABLE COSTS:

These costs vary with the production, process or project changes. For example, in an organization manufacturing toy the material and labour cost will be dependent on the production.

OPPORTUNITY COSTS:

The cost incurred in selecting one option over another is called opportunity cost. For example in a toy manufacturing unit with limited labour hours and material, the decision to produce one particular toy say 'Dancing Monkey' will result in non-production of an other toy say 'Spinning top'. So while considering the profitability of toy 'Dancing Monkey' the organization has to consider the profit of 'Spinning top' that it forgoes.

SUNK COSTS:

Certain costs are incurred and cannot be recovered these are sunk costs. Continuing with our example of toy manufacturing unit, sunk costs would refer to machinery cost that has been incurred.

Which are the techniques in Cost Accounting?

The techniques of costing facilitate managerial decision making. The different types are

Marginal Costing

As per this technique, the management may decide the number of units to be produced. Suppose a toy unit is already producing 100 units of 'Dancing Monkey' toy, this technique will help the management understand that if the production is increased to 150, will it be profitable. In this technique, only the variable costs for additional units produced will be considered. Fixed costs are not taken into consideration as they do not vary with changes in production.

Standard Costing

In this technique of costing the costs incurred are compared to the predetermined cost of the product, process or project. The variances are analyzed to bring about cost-effectiveness.

Direct Costing

In this technique all the direct costs incurred for a particular product, process or project are charged to it and the indirect costs are written off to profit and loss.

Historical Costing

It is comparison of all costs incurred after the process is performed.

Uniform Costing

In this technique same costing practices are followed across certain units to facilitate comparison.

Absorption costing

This is a method of full costing. In this all costs are charged to the product, process or project.

TEACHER'S CARE ACADEMY
KANCHIPURAM

COMMERCE
UNIT- VII
(Entreprenential Development)

ENTREPRENEURIAL DEVELOPMENT

COMPETITIVE EXAM
FOR
PG-TRB 2019 – 20

Unit-VII

Entreprenential Development-Functions and kinds of Entrepreneurs-Traits-Women entrepreneurs-Incentives and subsidies- Consideration and Factors in setting up of an Unit Sources of Finance-Venture Capital-Forms of organization-Project Appraisal Techniques.

What is meant by entrepreneurial development?

The capacity and willingness to **develop**, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of **entrepreneurship** is the starting of new businesses.

How can entrepreneurship be developed?

Entrepreneurship Development. ... The whole point of **entrepreneurship development** is **to** increase the number of **entrepreneurs**. By doing this, the pace at which new businesses or ventures are made gets better. On a wider level, this makes room for employment and improves the economy of a business or country.

What are the stages of entrepreneurship development?

The entrepreneurial process is a set of stages and events that follow one another. These entrepreneurial process stages are: the idea or conception of the business, the event that triggers the operations, implementation and **growth**.

What is EDP in entrepreneurship development?

Entrepreneurship Development Programme (**EDP**) is a programme which helps in**developing** the **entrepreneurial** abilities. The skills that are required to run a business successfully is **developed** among the people through this programme. Sometimes, people may have skills but it requires polishing and incubation.

What are the need and requirement of the entrepreneurial development program?

Entrepreneurship Development Programme (EDP) is a **programme** which helps in **developing** the **entrepreneurial** abilities. The skills that are **required** to run a **business** successfully, is developed among the people through this **programme**. Sometimes, people may **have** skills but it **requires** polishing and incubation.

What are the 4 types of entrepreneurship?

It turns out that there are **four** distinct **types of entrepreneurial** organizations; small businesses, scalable startups, large companies and social **entrepreneurs**. They all engage in **entrepreneurship**.

What are three skills you are likely to need as an entrepreneur?

Four characteristics of a successful entrepreneur are **passion**, **discipline**,**creativity**, and **independence**. What are three skills you are likely to need as an entrepreneur? The skills that you are likely going to need as an entrepreneur are **networking** skills, **organization** skills, **listening skills**, and **speaking** skills.

What are the 10 qualities of a good entrepreneur?

Disciplined. These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals. ...

- Confidence. ...
- Open Minded. ...
- Self Starter. ...
- Competitive. ...
- Creativity. ...
- Determination. ...
- Strong people skills.

What skills are needed to be an entrepreneur?

Curiosity. Great entrepreneurs are tasked to discover new problems, reveal potential niche opportunities, refactor their original business process, and innovate. ...

- Time management. ...
- Strategic thinking. ...
- Efficiency. ...
- Resilience. ...
- Communication. ...
- Networking. ...
- Finance.

What is the importance of entrepreneurship?

Entrepreneurs can change the way we live and work. If successful, their innovations may improve our standard of living, and in addition to creating wealth with their **entrepreneurial** ventures, they also create jobs and the conditions for a prosperous society.

How Can entrepreneurship be learned?

According to some people, **entrepreneurship** skills **can** be **taught** at higher education institutes and high schools. Others believe that **entrepreneurship can**only be **taught** to people by other **entrepreneurs** who have practical experience on the field. ... It is something that every **entrepreneur can learn** only while doing it.

How do entrepreneurs develop mindset?

Their **entrepreneur mindset** might have to do with their personality or even the field in which they have chosen to work.

The Entrepreneur Mindset of 10 Successful Entrepreneurs

- Reach Out to Customers First. ...
- Find a New Market for an Existing Product. ...
- Use Networking to Build Your Business. ...

TEACHER'S CARE ACADEMY

KANCHIPURAM

COMMERCE

Unit IX

Statistics & Importance

COMPETITIVE EXAM

FOR

PG-TRB 2019 – 20

UNIT – IX

STATISTICS AND ITS IMPORTANCE

Introduction:

In the modern world of computers and information, technology, the importance of statistics is very well recognized by all the disciplines. Statistics has originated as a science of statehood and found applications slowly and steadily in agriculture, economics, commerce, biology, medicine, industry, planning, education and so on. As on date there is no other human walk of life, where statistics can't be applied.

Origin and Growth of Statistics:

The word 'statistics' and 'statistical' are all derived from the Latin word 'status', means a political state. The theory of statistics as a distinct branch of scientific method is of comparatively recent growth. Research particularly into the mathematical theory of statistics is rapidly proceeding and fresh discoveries are being made all over the world.

Meaning of Statistics:

Statistics is concerned with scientific methods for collecting, organizing, summarizing, presenting an analyzing data as well as deriving valid conclusions and making reasonable decisions on the basis of this analysis. Statistics is concerned with the systematic collection of numerical data and its interpretation.

The word 'statistics' is used to refer to

(a) Numerical facts, such as the number of people living in particular area.

(b) The study of ways of collecting, analyzing, and interpreting the facts.

Definitions by A.L Bowley:

Statistics are numerical statement of facts in any department of enquiry placed in relation to each other.

Definitions by Croxten and Cowden:

Statistics may be defined as the science of collection, presentation analysis and interpretation of numerical data from the logical analysis. It is clear that the definition of statistics by Croxton and Cowden is the most scientific and realistic one. According to this definition there are four stages,

a) Collection of Data:

It is the first step and this is the foundation upon which the entire data set, Careful planning is essential before collecting the data. There are different methods of collection of

data such as census, sampling, primary, secondary, etc., and the investigator should make use of correct method.

b) *Presentation of Data:*

The mass of data collected should be presented in a suitable, concise form for further analysis the collected data may be presented in the form of tabular or diagrammatic or graphic form.

c) *Analysis of Data:*

The data presented should be carefully analyzed for making inference form the presented data such as measure of central tendencies, dispersion, correlation, regression, etc.,

d) *Interpretation of Data:*

The final step is drawing conclusion form the data collected. A valid conclusion must be drawn on the basis of analysis. A high degree of skill and experience is necessary for the interpretation.

Functions of Statistics:

a) *Condensation:*

Generally speaking by the word 'to condense', we mean to reduce or to lessen. Condensation is mainly applied at embracing the understanding of a huge mass of data by providing only few observations. If in a particular class in Chennai School, only marks in an examination are given, no purpose will be served. Instead if we are given the average mark in that particular examination, definitely it serves the better purpose.

b) *Comparison:*

Classification and tabulation are the two methods that are used to condense the data. They help us to compare data collected from different sources. Grand totals, measures of central tendency measure of dispersion, graphs and diagrams coefficient correlation etc., provide sample scope for comparison.

If we have one group of data we can compare within it self. If the rice production (in Tonnes) district is known, the we can compare one region with another region within the district.

c) *Forecasting:*

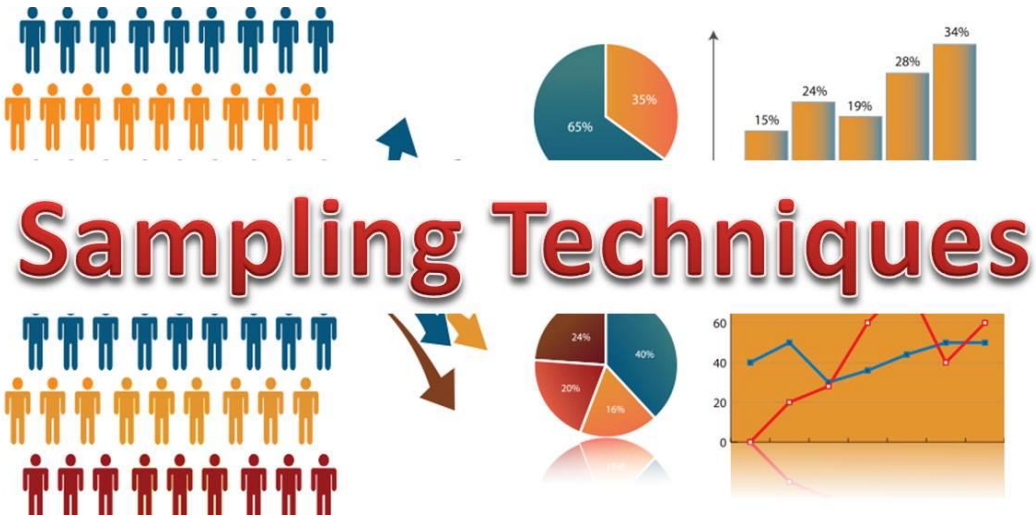
By the word forecasting, we mean to predict or to estimate beforehand. Given the data of the last ten years connected to rainfall of a particular district in tamilnadu, it is possible to predict or forecast the rainfall of the near future. In business also forecasting plays a dominant role in connection with production, sales, profits. The analysis of time series and regression analysis plays an important role in forecasting.

TEACHER'S CARE ACADEMY

KANCHIPURAM

COMMERCE

Unit X



COMPETITIVE EXAM

FOR

PG-TRB 2019 – 20

UNIT – X

SAMPLING TECHNINQUES

Introduction

If the required information is collected from only a few units of the population and not from all the units such a survey is known as a sample survey. The findings of the survey are generalized for the population. The generalized conclusion is not based on the enumeration of all the units of the population. Hence it may be near or far away from the fact. A suitable sampling technique ensures that a conclusion is not far away from the fact. A sample technique is universal in nature. Consciously or unconsciously, it is adopted in everyday life. Only a handful of rice is examined before buying a sack. From a bunch of grapes only one fruit is tasted.

Population

Population or Universe refers to the aggregate of statistical information on a particular character of all the members covered by an investigation/enquiry. Population size refers to the total number of members of the population. For example, The population of books in the National Library.

Sample

Statisticians use the word sample to describe a portion chosen form the population. A finite subset of statistical individuals defined in a population is called a sample. When the sample drawn is perfectly representative, it is identical with its parent population almost in every respect except that it is smaller than the population.

Sample Size

The number of units in a sample is called the sample size.

Sampling Unit

The constituents of a population which are individuals to be sampled form the population and cannot be further subdivided for the purpose of the sampling at a time are called sampling units. For example, to know the average income per family, the head of the family is a sampling unit.

Sampling Frame

In order to cover the population decided upon, there should be some list, map or other acceptable material (called the frame) which serves as a guide to the population to be covered. The list or map must be examined to be sure that it is reasonably free from defects. The sampling frame will help us in the selection of sample. All the account numbers of the savings

bank account holders in the bank are the sampling frame in the analysis of perception of the customers regarding the servicer rendered by the bank.

Reasons for Selecting a Sample

Taking a sample instead of conducting a census offers several advantages:

- The sample can save money and time.
- For given resources the sample can broaden the scope of the study.
- Because the research process is sometimes destructive, the sample can save product.
- If accessing the population is impossible, the sample is the only option.
- Draw inferences about population

Objects of Sampling Theory

- *To estimate population parameter on the basis of sample statistic.*
- *To set the limits of accuracy and degree of confidence of the estimates of the population parameter computed on the basis of sample statistic.*
- *To test significance about the population characteristic on the basis of sample statistic*.

Types of Sampling

There are different types of sample designs based on two factors viz., the representation basis and the element selection technique. On the representation basis, the sample may be probability sampling or it may be non –probability sampling.

Probability sampling is based on the concept of random selection, whereas non -probability sampling is 'non-random' sampling. On element selection basis, the. Sample may be either unrestricted or restricted. When each sample element is drawn individually from the population at large, then the sample so drawn is known as 'unrestricted sample', whereas all other forms of sampling are covered under the term 'restricted sampling'.

Probability Sampling Methods are:

1. Simple Random Sampling
2. Stratified Random Sampling
3. Systematic Random Sampling
4. Cluster Random Sampling

The simple random sampling is also known as unrestricted random sampling and the other are known as restricted sampling.

Non-Random Sampling are:

1. Judgment sampling
2. Convenience sampling
3. Quota sampling

TEACHER'S CARE ACADEMY
KANCHIPURAM

COMMERCE
Unit-XI

COMPETITIVE EXAM
FOR
PG-TRB 2019 – 20

UNIT-XI

Accounting Concepts and conventions-Amalgamation, Absorption and Reconstruction of companies

INTRODUCTION:

The main aim of a business is to earn profit. For earning profit, the businessmen will either purchase the goods in one market at certain price or sell it in another market at higher price or will convert the raw materials into finished products sands eel it to the different customers at a price which will give him some percentage of profit on cost of production.

Account came into practice as an aid to human memory by recording daily transactions of business. Modern accounting is often called the language of a business.

Though according is as old as money itself, the modern system of accounting owes its origin to loca paciopi, an Italian who first published his book on double entry system of accounting in 1494.

Meaning of accounting:

Accounting is concerned with the use to which theses records are put, their analysis and interpretation. Such accounting records are required to be maintained to measure the income of the business and communicate the information so that it may be used by managers, owners and other parties.

DEFINE ACCOUNTING.

According to AICPA, " accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money or money's worth, transactions and events which are, in part at least , of a financial character and interpreting the results them of".

American Accounting Association defines," accounting as "the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information".

MEANING OF BOOK KEEPING.

Book keeping is the art and science of recording , classifying and summarizing business transactions in money or money's worth accurately and systematically so that the businessman may be able to know his profit or loss during a specified period and also his financial position on a particular data.

Book keeping is thus the recording business transactions in a systematic manner. In the words of carter," Book keeping is the science and art of correctly recording in books of account all those transactions that result in the transfer of money or money's worth".

DIFFERENCE BETWEEN ACCOUNTING AND BOOK KEEPING.

S. NO	POINT OF DIFFERENCE	BOOK KEEPING	ACCOUNTING
1	Object	The object of book keeping is to prepare original books of accounts. It is restricted to journal and ledge accounts.	The object of accounting is to record analyze and interpret the business transactions.
2	Scope	It has limited scope and is concerned with the recording of business transactions.	It has wider scope as compare to book keeping.
3	Level of work	It is restricted to clerical work of recording transactions.	It is concerned with low level, medium level and top level management. Low level clerks prepare the accounts, medium level report it and top level interpret it.
4	Mutual dependence	Book keeping for getting the accounting records and for making them meaningful.	Accounting has to depend on book keeping for getting the accounting records and for making them meaningful.
5	Result of the business	It does not show the net result and financial position of a business. The work of book keeping extends only up to the preparation of trail balance.	Accounting shows the net result of the business activities. It tells us the profit earned or the loss incurred and the position of assets and liabilities.

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Unit-XII

Company Liquidator's Final statement- Different Methods of valuation of shares and Goodwill.

LIQUIDATION OF COMPANIES

A company is a legal person that is a company is created by law. As such it can be put to an end only through a legal process. Such legal process is known as **liquidation**. So winding up is the last stage in the life of the company.

Winding up

Winding up is a legal process of putting an end to the life of the company.

Definition:

"Winding up is a process where by the life of the company is ended and its property administrated for the benefit of its creditors and members. An administrator, called liquidator is appointed and he takes the control of the company, collects its assets, profits and debts & finally distributes any surplus among the members in accordance with their rights."

Liquidators final statement of account Give a proforma of such an account.

Liquidator's final statement of account takes the form of cash account where on the left hand side he records the receipts on different accounts and on the right hand side various payments. This account is prepared by all liquidators whatever may be the made of winding up of the company. After preparing the final statement, the liquidator submits it to that party who appointed him.

Though it is prepared just like account, it is a statement, not an account because double aspects of transaction are not recorded. "To" in debit side and "By" in credit side are used in this statement. The following format can be used for preparing the statement:

Liquidator's Final Statement of Account:

Receipts	Rs	Payments	Rs.
To Cash in Hand Or Cash at Bank	xxxx	By Legal Charges	xxxx
To Assets realized		By Liquidator's Remuneration:	
Land and Buildings	xxxx	(i) __% on amount realized from assets	xxxx
Plant and Machinery	xxxx		xxxx
Furniture	xxxx	(ii) __% on amount paid to creditors	xxxx
Stock	xxxx	(iii) __% on amount paid to shareholders	xxxx
Debtors, etc.	xxxx		xxxx
To Surplus amount received on securities from Secured Creditors	xxxx	By Liquidator's Expenses or Cost of Winding up	xxxx
			xxxx
To Calls from Shareholders @ Rs.___ on ____ shares.	xxxx	By Debentureholders having a floating charge	xxxx
			xxxx
		By Preferential Creditors	
		By Other Unsecured Creditors	
		By Preference Shareholders (Refund of Capital)	
		By Equity Shareholders (Refund of Capital)	
	xxxx		xxxx

Liquidator's remuneration calculated

The liquidator must make the payments in the following order:

1. Legal Charges: These include expenses incurred on filing the suit or the recovery of amounts due to the company or in defending the claims filed against the company.

2. Liquidator Remuneration: The liquidator normally gets the remuneration in the form of commission which is usually based as a percentage on the value of assets realized and amount paid to unsecured creditors.

(i) Commission on amount realized from assets: While calculating liquidator's remuneration on assets realized, cash in hand and bank balance is not included because such balance already exists and the liquidator has made no effort in this respect. However, if the list of assets realized by the liquidator includes cash in hand and bank balance also, these must be taken into account for the purpose of commission.

The liquidator gets commission on the surplus from such assets left after making the payment of secured creditors because he makes an effort of realising the surplus of such assets from secured creditors. However, if he sells the assets himself, he gets commission on the total

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Unit XIII

International Trade

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UNIT XIII

INTERNATIONAL TRADE

What is international trade:

International trade is the exchange of capital, goods, and services across**international** borders or territories. In most countries, such **trade** represents a significant share of gross domestic product (GDP).

If you walk into a supermarket and can buy South American bananas, Brazilian coffee and a bottle of South African wine, you are experiencing the effects of international trade.

International trade allows us to expand our markets for both goods and services that otherwise may not have been available to us. It is the reason why you can pick between a Japanese, German or American car. As a result of international trade, the market contains greater competition and therefore more competitive prices, which brings a cheaper product home to the consumer.

Example of international trade:

The Dublin Horseshoe Company is a perfect **example** of a company that engages in**international trade**. **International trade** is the exchange of goods and services across country borders. ... The movement of imports and exports among countries is usually regulated by **international trade** organizations.

How International Trade Works

International trade is the exchange of goods and services between countries. This type of trade gives rise to a world economy, in which prices, or supply and demand, affect and are affected by global events. Political change in Asia, for example, could result in an increase in the cost of labor, thereby increasing the manufacturing costs for an American sneaker company based in Malaysia, which would then result in an increase in the price that you have to pay to buy the tennis shoes at your local mall. A decrease in the cost of labor, on the other hand, would result in you having to pay less for your new shoes.

Trading globally gives consumers and countries the opportunity to be exposed to goods and services not available in their own countries. Almost every kind of product can be found on the international market: food, clothes, spare parts, oil, jewelry, wine, stocks, currencies, and water. Services are also traded: tourism, banking, consulting and transportation. A product that is sold to the global market is an export, and a product that is bought from the global market is an import. Imports and exports are accounted for in a country's current account in the balance of payments.

KEY TAKE AWAYS

- International trade is the exchange of goods and services between countries.
- Trading globally gives consumers and countries the opportunity to be exposed to goods and services not available in their own countries.
- The importance of international trade was recognized early on by political economists like Adam Smith and David Ricardo.
- Still, some argue that international trade actually can be bad for smaller nations, putting them at a greater disadvantage on the world stage.

HISTORY OF INTERNATIONAL TRADE

- **International trade has a rich history starting with barter system being replaced by Mercantilism in the 16th and 17th Centuries. The 18th Century saw the shift towards liberalism**.
- It was in this period that Adam Smith, the father of Economics wrote the famous book 'The Wealth of Nations' in 1776 where in he defined the importance of specialization in production and brought International trade under the said scope. David Ricardo developed the Comparative advantage principle, which stands true even today.
- All these economic thoughts and principles have influenced the international trade policies of each country. Though in the last few centuries, countries have entered into several pacts to move towards free trade where the countries do not impose tariffs in terms of import duties and allow trading of goods and services to go on freely.
- **The 19th century beginning saw the move towards professionalism, which petered down by end of the century**.
- Around 1913, the countries in the west say extensive move towards economic liberty where in quantitative restrictions were done away with and customs duties were reduced across countries. All currencies were freely convertible into Gold, which was the international monetary currency of exchange. Establishing business anywhere and finding employment was easy and one can say that trade was really free between countries around this period.
- The First World War changed the entire course of the world trade and countries built walls around themselves with wartime controls. Post world war, as many as five years went into dismantling of the wartime measures and getting back trade to normalcy. But then the economic recession in 1920 changed the balance of world trade again and many countries saw change of fortunes due to fluctuation of their currencies and depreciation creating economic pressures on various Governments to adopt protective mechanisms by adopting to raise customs duties and tariffs.

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UNIT- XIV

An **export** is a function of international trade whereby goods produced in one country are shipped to another country for future sale or trade. **Exports** are a crucial component of a country's economy, as the sale of such goods adds to the producing nation's gross output.

WHAT ARE THE TYPES OF EXPORT?

The export-traders include the **export companies** known as trading houses, **trading companies**, **buying offices**, **buying agents**, purchasing agents, **resident buyers**, sourcing agents, export representatives, **export distributors**, **export agents**, **export management companies** (EMCs), and manufacturers' representatives.

TYPES OF EXPORT BUSINESSES

Export businesses are mainly classified into export-traders, export-manufacturers and service-exporters.

Export-Traders

The export-traders include the export companies known as trading houses, trading companies, buying offices, buying agents, purchasing agents, resident buyers, sourcing agents, export representatives, export distributors, export agents, export management companies (EMCs), and manufacturers' representatives.

The export-trader operates on a buy-and-sell basis or a commission/fee basis, or a combination of these two. In the buy-and-sell basis, the export-trader buys from export-manufacturers and adds a markup to the export price. In the commission/fee basis, the export-trader collects a commission or fee from the export-manufacturer or the foreign importer, or from both of them without adding a markup to the price.

Export-Manufacturers

Export-manufacturers include the manufacturers, producers, assemblers and processors of export goods. Export-manufacturers either directly export the goods or indirectly export the goods through the export-traders.

Service-Exporters

Service-exporters include the banks, ocean shipping (steamship) companies, air cargo companies or airlines, trucking companies, rail carriers, insurance companies, freight forwarders or consolidators, consulting firms, and miscellaneous service companies. Service-exporters provide services to export-traders and export-manufacturers.

WHAT IS EXPORT PROCESS?

Processing of an **export** order starts with the receipt of an **export** order. An **export** order, simply stated, means that there should be an agreement in the form of a document, between the exporter and importer before the exporter actually starts producing or procuring goods for shipment

12 Steps Involved in the Processing of an Export Order – Explained!

In reality, an export exercise is concluded successfully only after the exporter has been able to deliver the consignment in accordance with the export contract and receive payment for the goods.

This involves practice of prescribed procedure to be performed (Branch 2000). The fact is that one does not need only to be very well informed about his/her export company, his/her products, his/her suppliers, his/her export chain, his/her market, the world market, but one also needs to know the export rules and terms, the different cultures that one targets and the final customers' needs.

Then comes fulfilling these needs by the most competitive way and by adding value to one's services. This is so because all sell the same products with minor changes, but what make the difference are the method and the value added services one provides to the ultimate consumers. Simply speaking, that making an export company is an easy process, but making successful and long lasting export company is a very difficult task:

Therefore, it seems pertinent now to make you learn the various steps' involved in the processing of an export order.

These are listed as follows:

1. Having an Export Order:

Processing of an export order starts with the receipt of an export order. An export order, simply stated, means that there should be an agreement in the form of a document, between the exporter and importer before the exporter actually starts producing or procuring goods for shipment. Generally an export order may take the form of proforma invoice or purchase order or letter of credit. You have already learnt these just in the preceding section.

2. Examination and Confirmation of Order:

Having received an export order, the exporter should examine it with reference to the terms and conditions of the contract. In fact, this is the most crucial stage as all subsequent actions and reactions depend on the terms and conditions of the export order.

The examination of an export order, therefore, includes items like product description, terms of payment, terms of shipment, inspection and insurance requirement, documents realising payment and the last date of negotiation of documents with the bank. Having being satisfied with these, the export order is confirmed by the exporter.

3. Manufacturing or Procuring Goods:

The Reserve Bank of India (RBI), under the export credit (interest subsidy) scheme, extends pre-shipment credit to exporter to finance working capital needs for purchase of raw materials, processing them and converting them into finished goods for the purpose of exports. The exporter approaches the bank on the basis of laid down procedures for the pre-shipment

TEACHER'S CARE ACADEMY
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COMMERCE
Unit-XV
Banking and Finance

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UNIT-XV

Banking and Finance-Innovative Services of Modern Commercial Banks in India – Short-term instruments - Certificate of Deposits and Commercial papers-Diversification of Banking-Financial Services-Leasing-Credit Cards-Mutual Funds-Merchant Banking-Factoring Services – Credit rating – E banking.

INTRODUCTION AND ORIGIN:

The word bank is derived from the German word 'Banck' which mean joint stock fund. From Italian word 'Banco' means heap of money. The word bank is derived from the French word 'Bancus' or 'Banque' which means bench. Initially the bankers transacted their business of benches in the market place and bench resembled banking counter. So bench means a chest a place where valuables are kept.

From English word "Bank" means "as an institution accepting money as deposit or lending. This bank is the common meaning prevalent today. Thus the origin of word bank can be traced as follows:

- Bank – German – Joint Stock
- Banco – Italian – Heap of money
- Bancus / Banque – French – Bench / Chest a place where valuables are kept.
- Bank - English – an institution accepting money as deposit or lending.

The bank of Venice, established in 1157, is supposed to be the most ancient bank. Originally, it was not a bank in the modern sense, being simply an office for the transfer of the public debt.

The beginning of English Banking may correctly be attributed to the London Goldsmiths. They used to receive their customer's valuables and funds for safe custody and issue receipts acknowledging the same. However, the ruin of goldsmiths marks a turning point in the history of English banking which resulted in the growth of private banking, and the establishment of the 'Bank of England' in 1694.

MEANING OF BANK:

A bank is a financial institution which deals with deposits and advances and other related services. It receives money from those who want to save in the form of deposits and it lends money to those who need it.

DEFINITIONS OF BANK:

"Banking is the business of accepting for the purpose of lending or investment, of deposits of money from the public repayable on demand or otherwise and withdraw-able by cheque, draft, and order or otherwise." Indian Banking Regulation Act, 1949. section 5 (b),

- "A bank is an organisation whose principal operations are concerned with the accumulation of the temporarily idle money of the general public for the purpose of advancing to others for expenditure."-R.P. Kent .

BANKING REGULATION ACT, 1949:

The **Banking Regulation Act, 1949** came into force on March 16, 1949. It contained various aspects related to banking in India. This is regulatory act .Its Main purpose is to:

- Provide safety in the interest of depositors
- Prevent misuse of powers by managers of banks

Initially, the law was applicable only to banking companies. But, 1965 it was amended to make it applicable to cooperative banks and to introduce other changes. Primary Agricultural Credit Society and cooperative land mortgage banks are excluded from the Act. The Act provides a framework using which commercial banking in India is supervised and regulated.

Objectives In View:

- **Comprehensive Legislation:** The Indian Companies Act, 1913 was inadequate and unsatisfactory to regulate and control the business of banking in India and therefore, there was a need to have specific legislation containing comprehensive provisions, particularly to the business of banking in India.
- **To Prevent Bank Failures:** The bank failures were common in those days due to inadequacy of capital and hence prescribing minimum capital requirements was necessary. The banking Regulation Act, 1949 was enacted to prevent such bank failures by certain minimum capital requirements.
- **To Avoid Cut Throat Competition:** The Act passed aims for avoiding cut throat and wasteful competition among the banking companies. The Act also regulates the opening of branches and changing the location of the existing branches.
- **Ensuring Balanced Development of Banks:** In order to avoid indiscriminate opening of new branches and thereby ensuring balanced development of banking companies, the system of licensing is provided in this Act.
- **Safeguarding the Interests of Depositors:** The Act protects the interest of the depositors at the public at large by incorporating certain provisions such as prescribing cash reserves and liquidity ratios. This would enable the banks to meet the demand of the depositors.
- **Strengthening the Banking System:** This Act provides for compulsory amalgamation of weaker banks with stronger ones to facilitate strengthening the banking system of our country.
- **Controlling Foreign Banks:** The Act contains certain provisions which restrict the foreign banks to invest funds of the Indian depositors outside India.

TEACHER'S CARE ACADEMY

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COMMERCE

UNIT – XVI

COMPETITIVE EXAM

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UNIT-XVI

Unit-XVI Capital Market – Institutions and Instruments used-Development Banks (IDBI IFCI ICICI AND IIB) - Appraisal of term Loans - Regulation of Stock Market – Investor Protection – Dematerialisation and Depositories.

INTRODUCTION

Definition of 'Capital Market'

Capital market is a market where buyers and sellers engage in trade of financial securities like bonds, stocks, etc. The buying/selling is undertaken by participants such as individuals and institutions.

Description:

Capital markets help channelize surplus funds from savers to institutions which then invest them into productive use. Generally, this market trades mostly in long-term securities. Capital market consists of primary markets and secondary markets. Primary markets deal with trade of new issues of stocks and other securities, whereas secondary market deals with the exchange of existing or previously-issued securities. Another important division in the capital market is made on the basis of the nature of security traded, i.e. stock market and bond market.

Capital market instruments used for **market** trade include stocks and bonds, treasury bills, foreign exchange, fixed deposits, debentures, etc. As they involve debts and **equity securities**, the **instruments** are also called **securities**, and the **market** is referred to as **securities market**.

Capital market are financial markets which can be defined as "The market for long-term funds where securities such as common stock, and bonds are traded as well as long term funds (both equity and debt funds) A raised with and outside the country".

Both the primary market for new issues and the secondary market for existing securities are part of the capital market. In other words, capital market deals with a operations of new issues– primary market and buying and selling of securities–secondary market.

New issues made by companies constitute the primary market, while trading in existing securities comprise secondary market.

In simple terms, capital market cover sale activities of financial institutions non-banking finance companies etc., to meet long term financial requirements which are normally considered as more than one-year period. The capital market the helps in mobilizing saving of the economic sectors and directing them towards productive use which aids in maintaining economic growth.

- New issues "Primary securities"– "Primary market": Mobilization of funds from cash surplus Sectors to cash deficit sectors such as the government and the corporate sector.
- Issue of "secondary securities"- "Primary market": Mobilization of funds from cash surplus sector of financialintermediariessuchasbakingasnon-bakingfinancialinstitutions.

- Secondarymarket–buying&selingofsecuritiesfacilitateliqudityinthemarket.
    - Secondary market plays pivotal role in mobilizing funds by attracting investors as this market ensure quick at nominal cost. To maintain growth ,market liquidity plays an important role.
    - Number of profitable projects requires long term financial investment. Many investors are reluctant to invest in such long gestation project as they relinquish control over their savings.
    - Secondarymarketprovidesaplatformbyensuringinvestorquickexitatnominalcostan d helps in mobilization of funds.
    - Hence, existence of an efficient capital market is necessary for creating conductive
        - Climate for investment and economic growth.

Capital market is the part of financial system which is concerned with raising capital funds by dealing in shares, bonds, and other long -term investments. The market where investments instruments like bonds, equities and mortgages are trade disown as the capital market. The difference types of financial instruments that are traded in the capital market are:

- ✓ Equity instruments
- ✓ Credit market instruments
    - Insurance instruments
    - Foreign exchange instruments
- ✓ Hybrid instrument

DEFINITION OF CAPITAL MARKET.

- ❖ "Capital market is an organized market mechanism for effective and efficient transfer of money capital or financial resources from the investing class to the entrepreneur class in the private
- ❖ Public of the economy". H.T. Parikh State, "By capital market I mean the market for all financial instruments, short-term and long terms are also commercia industrial and government papers".
- ❖ "Capital market is generally understood as the market for long-term funds. The capital market provideslong-termdebt&equityfinanceforthegovernmentandcorporatesectors".
- ❖ **According to Arunk. Data,** The capital market may be defined as "The capital marketize complex of institution investments and practices with established links between the demand for and supply of different types of capital gains".

Role of capital market:

- ❖ It is only with the help of capital market; long term funds are raised by the business community.

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COMMERCE

Unit - XVII

Company Law

COMPETITIVE EXAM
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COMPANY LAW : UNIT – XVII

JOINT STOCK COMPANIES

INTRODUCTION:

With the advent of Industrial Revolution and the factory system of production, large scale production has become the order of the day. To meet the ever-expanding needs of the fast growing population, large-sized industrial organisation has become indispensable. The traditional forms of business units, namely, sole proprietary concerns and partnership firms, with their limited financial resources and managerial capability, cannot meet the challenges forced by the need for massive production and speedy distribution. Joint stock company form of organisation provides the key to this problem. This is better suited for mobilising large capital resources and ensuring highly sophisticated managerial skills for running giant-sized industrial enterprises.

COMPANY – MEANING

INTRODUCTION OF COMPANY:

The term "compaisny" derived from the Latin word "companies" where "com" means "together" and "pan s" means "bread". It refers to an association of persons formed to attain a common purpose.

As the capital of a company is contributed jointly by a large number ofpersons, a company is called a **JOINT STOCK COMPANY**.

MEANING AND DEFINITION OF COMPANY:

"Company" means a voluntary association of individuals formed for the purpose of attaining a common social or economic end.

According to sec. 2(20) of the Companies Act, 2013, "Company means a company incorporated under this Act or under any previous company Law"

"A corporation is a legal person just as much as an individual, but with no physical existence". - Justice Cave.

FEATURES OF A COMPANY:

1. Separate legal entity

A company is a person created by law. It means that it comes into existence only by complying with all formalities prescribed under the Companies Act, 2013. It enjoys a separate personality of its own, different from the members composing it. This enables a company to enter into valid contracts with others including its members and deal with the property in any way it likes. It can sue others in its own name and be sued in its own name by others including its members.

2. Perpetual Succession- Continuity of Life

"Members may come and go but the company can go on forever" (Lord Gower). This is because company's existence does not depend upon the existence of even promoters who were instrumental in its formation. Neither change in the membership of the company nor the death of its members has any impact on the continuity of its life.

3. Common Seal

Though the separate personality of the company is legally recognised, it needs human agency to act. Obviously it cannot sign. Any contract entered into by a company, to be valid, must bear the official seal of the company.

4. Limited Liability

The liability of the members of a company is generally limited to the value of shares. When once the full value of the shares is paid up, there is no more liability for the shareholders. The feature of limited liability attracts a large number of investors to subscribe to the shares of the company.

5. Easy Transferability of Shares

In the case of public limited companies, their fully paid shares can be transferred to others without any difficulty. However, in the case of private limited companies, the right to transfer the shares is subject to certain restrictions.

MERITS OF THE COMPANY:

The distinctive features of a joint stock company are in fact its merits. They make this form of organisation very popular and better fitted for starting large-sized business ventures.

1. Stability (Perpetual Life)

While certain contingencies such as death, insanity or insolvency of partners lead to the dissolution of partnership, they do not have any effect on the continued existence of a company. The company enjoys perpetual succession despite change in its membership or change in its Board of directors. Large sized enterprises which take a long time to reach profit earning stage can be started only as company form of organisations which ensures long life.

2. Limited Liability

The liability of a member of a joint stock company is limited to the amount remain unpaid on his shares. Once the full value of the shares is paid, a shareholder will not be called upon to contribute anything further even if the assets are inadequate to meet business debts. In view of this feature of limited liability, people come forward readily to invest in the shares of joint stock companies. Thus the savings of the community which lie scattered can be easily mobilised for financing business enterprises.

TEACHER'S CARE ACADEMY
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Unit - XVIII

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AUDITING : UNIT – XVIII

Introduction of audit:

The term 'audit' is derived from the 'Latin' word 'audire' this means to 'hear'. The olden audit was only a cash book audit. But, the scope of modern audit is wider.

Meaning:

Auditing is the intelligent and critical test of accuracy, adequacy and dependability of accounting data and accounting statements.

The purpose is to satisfy that the balance sheet shows a true and fair view of the state of affairs of the business.

Auditing is concerned with verification of accounting and financial records with a view to determining their accuracy and reliability.

Definition:

"an audit is an examination of accounting records undertaken with a view to establishing whether they correctly and completely reflect the transactions to which they purport to relate". – L.R.Dicksee

OBJECT OF AUDIT

I.MAIN OBJECTIVE

Expression of Expert opinion

II.SECONDARY OBJECTIVE

Detection and prevention of Errors

Detection and prevention of Frauds

III.SPECIFIC OBJECTIVE

I.MAIN OBJECTIVE:

The main objects of audit are to find out,

1. Whether the P&L a/c's gives a true and fair view.
2. Whether the Balance sheet is properly drawn up.
3. Whether the profit & loss a/c's gives a true and fair view.

II.SECONDARY OBJECTIVE:

They are,

(i) Detection and prevention of errors:

Generally errors are the post of the person preparing the accounts. Sometimes errors may be the result of fraudulent manipulation of accounts. So, auditor should be very careful.

(a). Clerical error:

It is also known as 'Technical errors'. These errors are committed in posting, totaling and balancing. Such errors may again be sub-divided into

(i).**Error of omission**:

Such errors arise due to the complete or partial omission of a transaction from the accounting records.

In partial omission, the error will affect the trial balance.

In complete omission, it will not affect the trial balance.

(ii).**Error of commission**:

Such errors arise due to wrong entries, postings, carry forwards and calculations

Eg: An amount of Rs.564/- has been entered as Rs.546/-. The trial balance will not be affected.

(b).Error of principle:

These errors arise due to the violation of accounting principles.

E g.wrong allocation of capital and revenue expenditure.

Such errors also will not affect the trial balance.

(c).Compensating error:

It is also known as 'off setting errors'. Compensating error is one which is counter balanced by another error.

E g .,If A's account was to e debited for Rs.10/- but was debited for Rs.100/-.

While B's account which was to be debited for Rs.100/- was debited for Rs.10/-. These errors will not affect the trial balance.

(d).Error of duplication:

These errors arise when a transaction has been entered twice or posted twice in the books of accounts. Such errors will not affect the trial balance. It is more difficult to locate such errors. Only thorough checking and comparing of vouchers with entries will reveal such errors.

(ii). Detection and prevention of frauds:

The term 'fraud' means false representation or making entries with the intention to defraud somebody.

a. Misappropriation of cash:

Cash may easily be misappropriated in the case of big business concerns unless there is a good internal check system.

It is possible by,

- ✓ Omission of cash receipts.
- ✓ Entering less amount that what has actually been received.
- ✓ False entries or writing entries without making payments.

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Unit – XIX

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UNIT-XIX

Which is an example of a direct tax?

Direct tax. A government levy on the **income**, property, or wealth of people or companies. A **direct tax** is borne entirely by the entity that pays it, and cannot be passed on to another entity. **Examples** include corporation **tax**, **income tax**, and social security contributions.

What are direct and indirect taxes give examples?

The basic difference between a **Direct tax** and an **indirect tax** is: ... For **example**, Income **tax** is a form of **direct tax**. The person who bears Income **tax** and deposits the **tax with** the government is the same person i.e. the person who earns income. On the other hand, VAT, **Excise** duty etc are **examples** of **Indirect taxes**.

What is direct tax and its types?

Broadly, there are two **types** of **taxes** that the Indian government levies on **its** citizens – **direct tax** and indirect **tax**. Definition or Meaning of **Direct Tax**: **Direct taxes** are those which are paid directly to the government by the taxpayer.

What are the 5 types of taxes?

Taxes generally fall into the following broad categories:

- Income tax.
- Payroll tax.
- Property tax.
- Consumption tax.
- Tariff (taxes on international trade)
- Capitation, a fixed tax charged per person.
- Fees and tolls.

What are the 4 types of taxes?

Here are five types of taxes you may be subject to at some point, along with tips on how to minimize their impact.

- Income Taxes. Most Americans who receive income in a given year must file a tax return. ...
- Excise Taxes. ...
- Sales Tax. ...
- Property Taxes. ...
- Estate Taxes.

What is direct tax in simple words?

A **direct tax** is paid directly by an individual or organization to the imposing entity. A taxpayer, for example, pays **direct taxes** to the government for different purposes, including real property **tax**, personal property **tax**, **income tax** or **taxes** on assets.

What is an example of indirect taxes?

Indirect taxes, on the other, do not look at the consumer's ability to pay but is the same for everyone who buys the goods or services. **Examples of indirect taxes** are excise **tax**, VAT, and service **tax**. **Examples** of direct **taxes** are income **tax**, personal property **tax**, real property **tax**, and corporate **tax**.

Which is not a indirect tax?

Some examples of Direct **Taxes** are Income **Tax**, Surcharge, Gift **Tax** etc. ... **Indirect Taxes** are basically the **taxes** which are **not** directly levied on the Income of an Individual but is indirectly levied on the Expense incurred by the Individual.

What is the difference between direct tax and indirect?

The **direct tax** is levied on person's **income** and wealth whereas the **indirect tax** is levied on a person who consumes the goods and services. The main **difference between** the **direct** and **indirect tax** is that the burden of **direct tax** cannot be shifted whereas the burden of **indirect tax** can be shifted.

What is tax and types of taxes?

There are two **types of taxes** namely, direct **taxes** and indirect **taxes**. The implementation of both the **taxes** differs. You pay some of them directly, like the cringed income **tax**, corporate **tax**, and wealth **tax** etc while you pay some of the **taxes** indirectly, like sales **tax**, service **tax**, and value added **tax** etc.

What is direct tax code?

The **Direct Taxes Code** (DTC) is an attempt by the Government of India (GOI) to simplify the **direct tax laws** in India. ... The DTC, when implemented will replace the **Income-tax Act**, 1961 (ITA), and other **direct tax** legislations like the Wealth **Tax Act**, 1957.

Which are the indirect taxes?

Indirect tax. An **indirect tax** (such as sales **tax**, per unit **tax**, value added **tax** (VAT), or goods and services **tax** (GST), **excise**, tariff) is a **tax** collected by an intermediary (such as a retail store) from the person who bears the ultimate economic burden of the **tax** (such as the consumer).

What are 3 types of taxes?

The **three types of taxes** are the proportional **tax**, the progressive **tax**, and the regressive **tax**. A proportional **tax** imposes the same percentage of **taxation** on everyone,

TEACHER'S CARE ACADEMY

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COMMERCE

Unit - XX

COMPETITIVE EXAM

FOR

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UNIT- XX

Income Tax Authorities

What do you mean by income tax authorities?

Income Tax refers to the **tax you** pay directly to the government depending on your **income** or profit (for companies/local **authorities**). The money collected by this direct **tax** route is used by the Government for infrastructural developments and, also, to pay the employees of central and state government bodies.

Income Tax Authorities and their Powers

The Government of India has constituted a number of **authorities** to execute the **Income Tax** Act and to control the **Income Tax** Department efficiently. The Central Board of Direct **Taxes** is the supreme body in the direct **tax** set-up.

What are the major powers of income tax authorities?

- Appointment of income tax authorities:
- The central board of direct taxes and it's powers:
- Powers of other income tax authorities:
- Director General/ Director:
- Joint Commissioners:
- Inspectors of Income-Tax:
- The scope of exercise of the powers given to the income-tax authorities:
- Jurisdiction of income-tax authorities:

What are the functions of income tax authorities?

The **Department** of **Revenue** is mainly responsible **for** the following **functions**: - All matters relating to levy and collection of Direct **Taxes**. All matters relating to levy and collection of Indirect **Taxes**. investigation into economic offences and enforcement of economic laws.

Who is the highest authority of income tax?

- Central Board of Direct Taxes
- The Central Board of Direct **Taxes** (CBDT), the **highest** executive **authority** under the **Income-tax** Act, 1961, was constituted under the Central Boards of **Revenue** Act, 1963.

Income Tax Authorities and their Powers

The Government of India has constituted a number of authorities to execute the Income Tax Act and to control the Income Tax Department efficiently.

The **Central Board of Direct Taxes** is the supreme body in the direct tax set-up. It has to preform several statutory functions under the various acts and it is responsible for the formulation and implementation of different policies relating to direct taxes administration. The Board consists of a Chairman and six members.

Appointment of Income Tax Authorities in India

The Central Government can appoint those persons which it thinks are fit to become Income Tax Authorities. The Central Government can authorize the Board or a Director-General, a Chief Commissioner or a Commissioner or a Director to appoint income tax authorities below the ranks of an Deputy Commissioner or Assistant Commissioner, According to the rules and regulations of the Central Government controlling the conditions of such posts.

Powers of Income Tax Authorities

1) **Power relating to Discovery, Production of evidence, etc:**

The Assessing Officer, The Joint Commissioner, the Chief Commissioner or the Commissioner has the powers as are provided in a court under the code of Civil Procedure, 1908, when trying to suit for the following matters:

(a) discovery and inspection;

(b) to enforce any person for attendance, and examining him on oath

(c) issuing commissions; and

(d) compelling the production of books of account and other document.

2) **Power of Search and Seizure:**

Today it is not hidden from income tax authorities that people evade tax and keep unaccounted assets. When the prosecution fails to prevent tax evasion, the department has to take actions like search and seizure.

3) **Requisition of Books of account, etc:**

Where the Director or the Director-General or Commissioner or the Chief Commissioner in consequence of information in his possession, has reason to believe that (a), (b), or (c) as mentioned under section 132(1) and the book of accounts or other documents or the assets have been taken under custody by any authority or officer under any other law, then the Chief Commissioner or the Director General or Director or Commissioner can authorize any Joint Director, Deputy Director, Joint Commissioner, Assistant Commissioner, Assistant Director, or Income tax Officer to require the authority to provide sue books of account, assets or any documents to the requisitioning officer, when such officer is of the opinion that it is no longer necessary to retain the same in his custody.

4) **Power to Call for Information:**

The Commissioner The Assessing Officer or the Joint Commissioner may for the purpose of this Act:

(a) can call any firm to provide him with a return of the addresses and names of partners of the firm and their shares;

(b) can ask any Hindu Undivided Family to provide him with return of the addresses and