

**M. COM**  
**First Semester**  
**FINANCIAL ACCOUNTING & REPORTING PRACTICES**  
**(MCM - 103)**

**Duration: 3Hrs.**

**Full Marks: 70**

Part-A (Objective) =20  
Part-B (Descriptive) =50

**(PART-B: Descriptive)**

**Duration: 2 hrs. 40 mins.**

**Marks: 50**

**Answer any five of the following questions:**

1. Distinguish between normative and positive theory of accounting. Discuss the process of construction of accounting theory. (4+6=10)
2. State the Accounting Standards setting procedure in India. What are the grounds of diversity between Indian Accounting Standards and IFRSs? Explain in brief. (5+5=10)
3. Answer the following questions: (4+6=10)
  - a. Limbu Ltd. which manufactures three products namely A, B, & C using raw materials M1, M2 & M3 respectively provides you the following information about the closing stock at 31<sup>st</sup> March, 2015.

Items	Historical cost (Rs. in Lakhs)	Net Realisable Value (Rs in Lakhs)	Replacement Value (Rs in Lakhs)
A	10	11	12
B	20	18	19
C	30	27	28
M1	5		3
M2	6		5
M3	7		8

Required: Calculate the value of closing stock.



- b. Briefly enumerate the guidelines on “Revenue Recognition” as per AS-9.
4. What are the objectives of Corporate Reporting? Critically discuss about the Indian Financial Reporting system. (4+6=10)
5. Following is the T/B of DFL Ltd. as at 31<sup>st</sup> March, 2015. (10)

Particulars	Debit (Rs)	Credit (Rs)
Opening inventory	75000	
Purchases returns		10000
Purchases and sales	245000	340000
Wages	10000	
Printing cost of prospectus	20000	
Dividend from investment		3000
Carriage	950	
Investments	17000	
Advertisement on share buyback	7500	
Prepaid tax	4000	
Auditor's fees	3050	
Managing Director's commission	4000	
Profit and loss balance on 31/03/2014		15000
Dividends paid	9000	
Share capital		100000
Debtors & Creditors	27500	17500
Crane & Lift Machine	29000	
Cash with ICICI bank	46200	
General Reserves		8000
Employee's Provident Fund		7500
Patent & Trade Mark	4800	
Bills receivable & payable	5000	7000
Total	508000	508000

Prepare statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2015 considering following adjustments:

- Closing inventory on 31<sup>st</sup> March'2015 was valued at Rs. 120000.
  - Write off Rs. 200 of Patent Rights.
6. Write a comprehensive note on Social Accounting highlighting its practice in India. (10)



7. Answer the following questions:

(5+5=10)

- a. Explain the disclosure requirements as per AS-1.  
 b. From the following Conventional Income Statement for the year ended 31<sup>st</sup> March, 2015 ascertain profit or loss on account of price changes.

Particulars		Conventional Values (Rs.)
Sales		90,000
Less: Cost of goods sold:		
Opening Inventory	8,000	
Add: Purchases	60,000	
	68,000	
Less: Closing Inventory	6,000	
	62,000	
Add: Expenses:		
Wages & Salaries	6,000	
Other Expenses	4,500	
Depreciation on building		
Interest	700	
	300	
		73,500
Net Income		16,500
Less: Dividends		4,000
Retained Earnings		12,500

Note: Index was 100 in the beginning and 200 at end of the year; average index 150 and when building was constructed index was 50.

8. The following details are available from a company.

(10)

**Balance Sheets**

Liabilities	31-12-2012 (Rs.)	31-12-2013 (Rs.)	Assets	31-12-2012 (Rs.)	31-12-2013 (Rs.)
Share Capital	70,000	74,000	Cash	9,000	7,800
Debentures	12,000	6,000	Debtors	14,900	17,700
Reserve for D/Debts	700	800	Stock	49,200	42,700
Trade Creditors	10,360	11,840	Land	20,000	30,000
P/L A/C	10,040	10,560	Goodwill	10,000	5,000
Total	1,03,100	1,03,200	Total	1,03,100	1,03,200



In addition, you are given:

- a. Dividend paid total Rs. 3,500.
- b. Interest on debenture paid Rs.1,000.

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9. Basic earnings per share should be calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of.....  
outstanding during the period.
- a) Equity shares
  - b) Preference shares
  - c) Equity and Preference shares
  - d) Equity shares, Preference shares and Debentures
10. The accounting principle that assumes that inflation will not take place or will be immaterial is-
- a) monetary unit
  - b) historical cost
  - c) realization
  - d) going concern
11. The cost of inventories should comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their.....
- a) present location
  - b) present condition
  - c) present location and condition
  - d) none of these
12. An interim financial report should include, at a minimum, the following components-
- a) condensed balance sheet.
  - b) condensed statement of profit & loss.
  - c) condensed cash flow statement and selected explanatory note.
  - d) all of these.
13. Which of the following is not Related Party as per AS-18?
- a) Associates and joint ventures of the reporting enterprise.
  - b) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise giving them "control".
  - c) SEBI.
  - d) Key management personnel.
14. As per AS-25, interim financial report should include-
- a) condensed balance sheet and condensed statement of profit and loss
  - b) condensed cash flow statement and selected explanatory notes
  - c) both a) and b)
  - d) none of a) and b)
15. Which of the following not the form of Corporate Reporting?
- a) Financial reporting
  - b) Corporate governance
  - c) Corporate responsibility
  - d) Bank Reconciliation Statement
16. Normative Accounting theories rely heavily on the process of .....
- a) deductive reasoning
  - b) observation
  - c) inductive reasoning
  - d) none of these
17. Which is not true relating to AS-6 (Depreciation Accounting)?
- a) Depreciation must be charged on fixed assets.
  - b) Depreciation should charge with consisted method of charging depreciation.
  - c) Rate of depreciation should be according to company law.
  - d) Depreciation can be charged at any rate.

18. As per AS-1, a change in the Accounting Policy should be made only if adoption of different Accounting Policy is required-
- a) by statute.
  - b) for compliance with an Accounting Standard.
  - c) it is considered that the change would result in more appropriate presentation.
  - d) all of the above.
19. AS-26 is relating to.....
- a) Intangible Assets
  - b) Consolidated Statements
  - c) Earnings per share
  - d) Segment reporting
20. Accounting in India is governed by the-
- a) Institute of Chartered Accountants of India
  - b) Company Law Board
  - c) Reserve Bank of India
  - d) Income Tax Department

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