



**MCO (P) 94**

**M.Com. (Previous) Examination, June 2010  
COMMERCE (SIM)  
Course – IV : Accounting Theory and Practice**

Time : 3 Hours

Max. Marks : 90

**PART – A**

Answer **any three** questions. **Each** question carries **15** marks. **(15×3=45)**

1. Define accounting. Explain in detail the need and scope of accounting.
2. What is Human Resource Accounting ? Discuss the various methods of valuation of human resources in India.
3. What is financial statement analysis ? Explain the various tools of financial statement analysis.
4. From the following information, you are required to prepare a Balance Sheet.

Current Ratio	1.75
Quick Ratio	1.25
Stock Turnover Ratio (Based on Closing Stock)	9 times
Gross Profit Ratio	25%
Average Collection Period (in months)	1.5
Ratio of Reserves to Capital	0.2
Turnover of Fixed Assets	1.2
Debt-Equity	0.6
Fixed Assets to Net Worth	1.25
Sales for the year	Rs. 24,00,000

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5. From the following summarized Balance Sheets of Sri. Raghavendra Co. Ltd., as on 31-03-2008 and 31-03-2009, prepare

- a) Statement showing changes in working capital
- b) Funds flow statement.

<b>Liabilities</b>	<b>31-03-2008</b>	<b>31-03-2009</b>
	<b>Rs.</b>	<b>Rs.</b>
Share Capital	4,50,000	5,00,000
General Reserve	3,00,000	3,10,000
Profit and Loss Account	56,000	68,000
Creditors	1,68,000	1,34,000
Mortgage Loan	–	2,20,000
Provision for taxation	75,000	10,000
	<b>10,49,000</b>	<b>12,42,000</b>
<b>Assets</b>	<b>31-03-2008</b>	<b>31-03-2009</b>
	<b>Rs.</b>	<b>Rs.</b>
Fixed Assets	4,00,000	3,20,000
Investments	50,000	60,000
Stock	2,40,000	2,10,000
Debtors	2,10,000	4,55,000
Bank	1,49,000	1,97,000
	<b>10,49,000</b>	<b>12,42,000</b>

**Additional information :**

- a) Investments costing Rs. 8,000 were sold during the year for Rs. 8,500.
- b) Provision for taxation made during the year amounted to Rs. 9,000.
- c) During the year, a part of the fixed assets costing Rs. 10,000 were sold for Rs. 12,000.
- d) Dividend paid during the year amounted to Rs. 40,000.



PART – B

Answer **any three** questions. **Each** question carries **10** marks. **(10×3=30)**

6. Give an account of procedures followed in government system of accounting in India.
7. Discuss the various accounting conventions which influence the preparation of financial statements.
8. Explain the concept of Responsibility Accounting.
9. The Balance Sheet of Aashish Ltd. revealed the following among other things.

	<b>31-3-2006</b>	<b>31-3-2007</b>
Inventories	5,50,000	6,10,000
Book Debts	4,50,000	5,50,000
Cash at Bank	60,000	80,000
Advances for supply of materials	1,00,000	1,26,500
Due to suppliers	2,50,000	3,22,000

During 2006-07, material prices rose by 15% and those of finished goods by 10%. Calculate the monetary working capital adjustment to be made under current cost accounting system.

10. The working capital of ABC Ltd. has deteriorated in recent years and now stands as under.

Current Assets : Inventory 5,60,000; Debtors 3,50,000 and Cash 70,000

Current Liabilities : Creditors 4,90,000 and Bank Loan 2,10,000

- a) Compute the current and quick ratios.
- b) A further bank loan of Rs. 50,000 against debtors is under negotiation. Assuming the loan is revised, calculate the revised current and quick ratios.

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**PART – C**

Answer **any three** sub-questions. **Each** sub-question carries **five** marks. **(5×3=15)**

11. a) Give a brief account of Indian GAAP.
- b) What is meant by inflation accounting ?
- c) How are cash flows classified in a cash flow statement ?
- d) Write a note on bench marking.
- e) What are the limitations of ratio analysis ?

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