



**M.Com. I Semester Degree Examination, April/May - 2023**

**COMMERCE**

**Contemporary Areas of Financial Accounting**

**(CBCS)**

Time : 3 Hours

Maximum Marks : 70

**Note :** Answer **any five** of the following questions with Question **No. 1 Compulsory**. Each question carries **equal** marks.

1. (a) The following information's are collected from the balance sheet of ABC Company :

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Particulars	1 <sup>st</sup> January 2018	31 <sup>st</sup> December 2018
	(₹)	(₹)
Cash and Bank Balance	82,000	1,54,000
Trade Debtors	2,00,000	3,00,000
Accounts Payable	2,20,000	2,80,000
Loan	1,85,000	1,23,000
Price index for the period	100	120

From the above information, compute Net Purchasing Power Gain or Loss on Monetary Items.

- (b) The Following facts and figures are extracted from the books of accounts of Guru company :

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- Inventories at the beginning of the year (i.e on 1<sup>st</sup> January, 2020 which were purchased by the company when the price index stood at 110) = ₹ 3,20,000.
- During the year 2010, the company purchased inventories worth ₹ 8,40,000.
- The closing inventories as on 31<sup>st</sup> December 2020 by which the price index increase to 140 = ₹ 48,00,000.
- Company uses LIFO method.

From the above information, compute the cost of sales adjustment and the cost of sales on current cost basis.



2. (a) Define Human Resource Accounting. Discuss the importance of Human Resource Accounting. 7
- (b) There is a group of 120 skilled workers in Tata group Ltd. in the age group of 20-29. It is estimated that every employee will earn as per earning profit as under : 7

Age	Earnings per year
20-29	6500
30-39	8700
40-49	12,500
50-59	17,000

Calculate value of 200 employees by using Schwartz's model by assuming discount rate 10% and age 20.

3. Miss. Padmaja on the stock exchange had purchased and sold leading scripts but did not maintain her accounts in a proper manner. She furnished the following data : 14

Investment on hand as at July 1, 2012

300 - 3% conversion loan 1982-84 of ₹ 100 each purchased at Rs 60.

250 - Equity shares of ₹ 10 each of Evelite Limited at ₹ 18 per share.

1000 - 9% Preference shares of ₹ 100 each of Prosperous Limited at ₹ 95.

Transaction during the year

Purchases :

750 - Equity shares of ₹ 10 each of Evelite Ltd. at ₹ 23.

250 - Equity shares of ₹ 10 each of Small Limited at ₹ 9.

125 - Equity shares of ₹ 10 each of Bright Shipping Ltd. at ₹ 12.

Sold :

100 - 3% Conversion Loan 1982-84 at ₹ 65.

100 - 9% Preference Shares of Prosperous Ltd. at ₹ 99.

Interest/Dividend Received :

3% Conversion Loan - Interest Received ₹ 900.

9% Preference Shares of Prosperous Ltd. ₹ 9000.

Evelite Ltd - Dividend at 20 percent on 1000 shares ₹ 2000.

Evelite Limited issued Bonus Shares and Mr. Shape received 1000 shares of the Company as Bonus Shares.

You are required to show the Investment Account in the Books of Miss. Padmaja.



4. (a) What is Intangible asset ? Explain the methods for valuation of intangible assets. 7
- (b) From the following information, calculate the value of goodwill according to weighted average profit method : 7

Year	2016	2017	2018	2019	2020	2021
Profit (Rs)	15,500	18,400	9800	13,600	12,000	20,200

5. (a) What is environmental accounting ? Discuss its objectives. 7
- (b) Give the meaning of cloud based accounting ? Explain its applications. 7

6. (a) Discuss the objectives of human resource accounting. 7
- (b) The following information is presented by Mr. Kumar relating to his holding in 9% central government bonds 7

Opening balance (Nominal Value) ₹ 1,20,000 and cost ₹ 1,18,000 (Nominal value of each unit is ₹ 100)

Date	Particulars
01-03-2021	Purchased 200 Units, ex-interest at ₹ 98
01-07-2021	Sold 500 Units, ex-interest out of original holding at ₹100
01-10-2021	Purchased 150 units at ₹ 98, cum-interest
01-11-2021	Sold 300 Units, ex-interest at ₹ 99 out of original holdings

Interest dates are 30<sup>th</sup> September and 31<sup>st</sup> March.

Mr. Kumar closes his books every year 31<sup>st</sup> December.

Show the Investment Account as it would appear in his books.

7. (a) A company decided to purchase a business for ₹ 40,000, its profit for the last 4 years are : 7

Years	Profits
2000	10,000
2001	12,500
2002	12,000
2003	11,500

The business was looked after by the management. Remuneration from alternative employment if not engaged in the business for management comes to ₹ 1500 p.a. Find the amount of goodwill on the basis of three years purchase of the average net profit for the last four years.

- (b) What is responsibility accounting ? Explain the applications of responsibility accounting. 7



- 8.** (a) Define Investment Accounting. Explain its advantages. **4**
- (b) What is Robotics Accounting ? Discuss its objectives. **5**
- (c) The estimated annual wages and salaries for next five years of JSW Steel Industry are ₹ 1,00,000, 1,50,000, 2,00,000, 2,50,000, and 3,00,000 respectively. The average rate of return of company for the current year and preceding 4 years is 20, 15, 12, 12 and 10 respectively and average rate of return of all the firm in the steel industry for the corresponding period is 15, 10, 8, 6 and 5 respectively. Assuming that the discount rate is 10%.
- Calculate the adjusted present value according to adjusted discount future wages method. **5**

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