

2014

DDE

M.Com. Part-I Examination

**FARM MANAGEMENT, ACCOUNTING THEORY
AND CONTEMPORARY ISSUES IN ACCOUNTING**

PAPER—IV

Full Marks : 100

Time : 4 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Write the answer question of each Half in separate books.

First Half

(Farm Management)

[Marks : 50]

Answer Q. No. 1 and any *two* from the rest.

1. Answer any *four* questions : 5×4
- (a) What is the scope of farm management ?
 - (b) How does a change in a factor affect production decision ?
 - (c) Establish the relationship between agricultural wages and employment.

(Turn Over)

- (d) "Use of own machine is a liability" — Explain.
 (e) Write a short note on soil management.
 (f) How is the marketable surplus related with the price of the crop?
 (g) Distinguish between risk and uncertainty.
 (h) Explain the factors that affect the efficiency of farm labour.

2. Evaluate the different land tenurial systems on efficiency ground. Critically assess the land reforms policy as implemented in India. 8+7

3. Graphically establish the relationship between total product, average product and marginal product. Briefly discuss the effects of technological change on production function. 10+5

4. Explain the debate on farm site and productivity in India. Do you think that there is any relevance of the debate in the context of farming? 3+8+4

5. Evaluate the impact of Green Revolution. Assess the role of institutional credit in the spread of green revolution. 10+5

Second Half
(Accounting Theory and Contemporary
Issues in Accounting)

[Marks : 50]

Answer Q. No. 6 and any other *two* questions taking *one* from each Group.

6. Answer any *four* of the following : 5×4

- (a) Explain the Matching Principle in accounting.
 (b) Define income and expenditure.
 (c) Write a short on accounting environment.
 (d) Illustrate the Replacement Cost Method in human resource valuation.
 (e) What do you mean by Social Cost and social benefit in respect of Social Accounting?
 (f) Write the major problems in full disclosure of accounting information.
 (g) Write the problems of historical basis of accounting at the time of rise in price level.
 (h) (i) Calculate the 'Cost of Sales Adjustment (COSA) from the following information, applying CCA method :

	Historical Cost (Rs.)	Index No.
Opening Stock	50,000	100
Purchase	180,000	120 Average
	2,30,000	
Less : Closing Stock	84,000	140
Cost of Sales	1.46.000	

(ii) Calculate the Monetary Working Capital Adjustment (MWCA) from the following :

	Opening	Closing
Debtors (Rs.)	5,000	7,000
Creditors (Rs.)	4,000	4,600
Index No.	100	120
Average Index for the year	110	
		2+3

Group—A
(Accounting Theory)

7. (a) What do you mean by deprival value of an asset ?
 (b) Determine the deprival value of the asset under following circumstances with reasons.
- (i) $RC > NPV > NRV$ (ii) $RC > NRV > NPV$
 (iii) $NPV > RC > NRV$ (iv) $NPV > NRV > RC$
 (v) $NRV > RC > NPV$ (vi) $NRV > NPV > RC$
- Where RC is Replacement cost, NPV is Net Present Value and NRV is Net Realisable Value of asset.
- (c) Write the needs of full disclosure of accounting information.
 (d) Explain the objectivity Principle in accounting.
- 2+6+4+3
8. (a) Write the steps of setting Accounting Standards in India.
 (b) What is International Financial Reporting Standards (IERS) ?

(c) Write the main features of Indian Accounting Standard—2 on valuation of Inventories.

4+3+8

Group—B
(Contemporary Issues in Accounting)

9. (a) Write the features of Diminishing balance method of depreciation.
 (b) Mathematically show that under diminishing balance method :
 Depreciation for t th period $(D_t) = cr(1-r)^{t-1}$ and
 Value of the asset at the end of t th period
 $(V_t) = C(1-r)^t$
 where c represents original cost of the asset,
 r represents rate of depreciation.
- (c) Value of an asset at the end of 3rd year is as Rs. 90,000 and at the end of 5th year the value reduced to Rs. 75,000. Method of charging depreciation is Diminishing Balance Method. Calculate rate of depreciation and original cost of the asset.
- 3+7+5
10. (a) Write any five differences between Profit and Loss Statement and Value Added Statement.
 (b) From the following Profit and Loss Account of Mega Ltd., you are required to prepare Value Added Statements both under Subtractive and Additive method.

Mega Ltd.
Profit and Loss Account
for the year ended 31.3.2014

Dr.		Cr.	
<i>Expenditure</i>	<i>(Rs.'000)</i>	<i>Income</i>	<i>(Rs.'000)</i>
To Materials	4,750	By Sales	11,950
" Wages :		" Finished goods	
Cash 1,050		supplied to	
Kind 300		employees as	
	1,350	a part of their	
" Excise duty	100	remuneration	300
" Electricity	125	" Government	
" Carriage inward	650	Subsidies	200
" Salaries	975	" Interest on	
" Rent	200	Securities	250
" Depreciation	1,150		
" Preliminary			
expenses			
written off	100		
" Debenture interest	60		
" Managerial			
remuneration	1,000		
" Net Profit c/d	2,240		
	12,700		12,700
	12,700		12,700
To Dividend	700	By Net Profit b/d.	2,240
" Tax	1,020		
" Reserve	520		
	2,240		2,240
	2,240		2,240

(2+2)+11