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DDE/I/COM/IV/13

M.Com. Part-I Examination, 2013

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

Illustrate the answers wherever necessary

**Write the answers to questions of each Half in
separate books**

FIRST HALF

(Farm Management)

[Marks : 50]

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

(Turn Over)

(2)

1. Answer any *four* questions : 5×4

(a) Planning in farm management is a must—
explain.

(b) Why do you think that land reform is
important?

(c) Write a short note on fertilisation
management.

(d) Write about the replacement policy of
farming machines.

(e) Indicate the factors that affect land
allocation and crop pattern.

(f) How does farm size affect the profitability
in farming?

(g) New Agricultural Policy (NAP) resulted in
Green Revolution — explain the NAP.

(h) Figure out the risk and uncertainty factors
affecting agricultural production.

(3)

2. Establish the equilibrium of a producer in a 'two
factor-single product' model. Discuss on the
concept of Returns to Scale. $9 + 6$

3. Explain why the short-run average cost curve is
U-shaped. Show the relationship between profit
maximisation principle and minimum loss
principle. $10 + 5$

4. What are the various types of farm labourer?
What factors would you suggest so as for
increase efficiency in a farm labourer? What
role do agricultural wages play on such
efficiency? $5 + 7 + 3$

5. Distinguish between marketable surplus and
marketed surplus. Discuss the factors which
affects marketable surplus and also marketed
surplus. $5 + 10$

SECOND HALF

(Accounting Theory 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) Define 'asset' and liability'.
 (b) Explain the 'Objectivity' and 'Consistency' principles in accounting.
 (c) Write the significance of accounting equation.
 (d) Write the various needs of disclosure of accounting information.
 (e) Distinguish between :
 (i) Gross Value Added (GVA) and Net Value Added (NVA)
 (ii) Gross Value Added (GVA) and Economic Value Added (EVA).
 (f) What is Environmental Accounting? Write any two limitations of Environmental Accounting.

(g) Explain the following terms in context of asset valuation

- (i) Historical cost
 (ii) Replacement cost
 (iii) Net Present value.

(h) The income statement of a company under historical cost basis is given below :

Income statement for the year ended 31.12.2012

	(₹)	(₹)
Sales		3,32,500
Less : Cost of goods sold	2,64,000	
Interest (paid on 31st December)	5,000	
Other expenses	2,000	
Depreciation	6,600	2,77,600
Net Income		<u>54,900</u>

The company uses the FIFO method of stock cost.

(6)

General Price index for the various relevant periods are as follows :

July 1, 12 years ago	50
January 1, 2 years ago	150
January 1, current year	200
December 31, current year	250

Transactions are assumed to have occurred evenly throughout the year at an average price level of 225. Plant was purchased on 1st July, 12 years ago and land was acquired on January 1, two years ago.

You are required to Prepare Price level adjusted income statement.

GROUP – A

(Accounting Theory)

7. (a) Write the importance of accounting standards.
- (b) Write the major features of Indian Accounting standard-3 on preparation of cash flow statement.

5 + 10

(7)

8. (a) Define life time profit and periodic profit.
- (b) Examine the role of different asset valuation methods and capital maintenance concepts on both periodic profit and life time profit measurement. 4 + 11

GROUP – B

(Contemporary Issues in Accounting)

9. (a) Explain the term 'Depreciation', 'Depletion' and 'Amortization'.
- (b) Mathematically show that

$$d_o = \frac{a}{(1+r)^n} \text{ and } a - d_o = cr$$

where d_o = Sinking fund periodic depreciation
 a = Periodic depreciation under annuity method
 c = Cost of the asset
 r = Rate of interest
 η = Useful life of the asset.

(c) Plant and Machinery is depreciated under annuity method and per annum depreciation is ₹ 5,000. The useful life of the asset is 4 years and the current bank-rate of interest is 10 %. Calculate periodic depreciation under Sinking Fund method and also calculate the original cost of the asset. 3 + 6 + 6

10. (a) What is Human Resource Accounting ?

(b) Why human resources are not shown in the traditional financial statements ?

(c) Illustrate Hekimian and Jones Competitive Bid Model of human resource valuation and accounting. 3 + 3 + 9