

2018

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 to 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 : 4×5

(a) Discuss the land ceiling policy of India. What are the objectives of land ceiling policy? 2½+2½

(Turn Over)

- (b) Critically examine the significance of soil and fertilizer management.
- (c) What are the salient features of fertilizer management in agriculture ?
- (d) Explain the composition of the farm labour.
- (e) Briefly explain the important features of New technology in agriculture.
- (f) Distinguish between profit maximization and cost minimization in agricultural productions.
- (g) Explain how the marketable surplus is related with the size classes of land holding.
- (h) Write a short note on dynamic nature of farm production.
2. (a) Distinguish between risk and uncertainty.
- (b) Explain the factors that caused for the uncertainty in agriculture. 5+10

3. What do you mean by productivity ? Explain it with a suitable example. Do you think that the productivity of Indian agriculture is one of the lowest in the world ? Give reasons for your answer. 5+10
4. State the three stages of production with the law of variable proportions. Why will a firm locate the input output decision in the stage of generalized diminishing returns to a variable input ? Give reasons for your answer. 8+7
5. Explain your understanding about 'New Technology' in Indian agriculture. Examine both the positive and negative impacts of this new technology on Indian agriculture. 7+8

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* questions : 4×5

(a) What is economic concept of income ? Give example.

(b) Write notes on :

(i) Conservatism convention ;

(ii) Disclosure convention.

(c) What is ownership equities? What are its characteristics?

(d) Discuss the benefits of accounting standards.

(e) What is prime based method of depreciation?

(f) State the shortcomings of conventional accounting based on historical cost during inflation.

(g) Describe the need for 'human resource accounting'.

(h) What is Financial Statement Disclosure?

Group—A

(Accounting Theory)

7. (a) Explain the concept of accounting income. How economic income differs from accounting income?

(b) What is revenue? What are the rules regarding Revenue recognition? [(3+5)+(3+4)]

8. (a) Explain 'Current Purchasing Power Accounting' and 'Current Cost Accounting'.

(b) What do you mean by intangibles? How will you value intangibles? [(4+4)+(3+4)]

Group—B

(Contemporary Issues in Accounting)

9. (a) Why do companies prefer to follow different methods of depreciation for financial reporting and tax purposes? Should such practice be checked through legislation? Illustrate your answer with reference to the Indian context.

(b) Describe 'Replacement Cost Method' and 'Opportunity Cost Method' in valuing human resources. 10+5

10. *Balance Sheet as at 31st December*

| Assets | 2015 | 2016 |
|--------------------------|------------|-----------------|
| Cash and Receivable | 2,00,000 | 2,60,000 |
| Inventories (FIFO basis) | 1,50,000 | 1,30,000 |
| Land | 40,000 | 40,000 |
| Equipment | 2,10,000 | 2,70,000 |
| Accumulated Depreciation | <u>NIL</u> | <u>(24,000)</u> |
| <i>Liabilities</i> | | |
| Current Liability | 80,000 | 90,000 |
| Long term Liability | 1,00,000 | 1,16,000 |
| Equity Share Capital | 1,40,000 | 1,40,000 |
| Share Premium | 2,80,000 | 2,80,000 |
| Reserve and Surplus | <u>NIL</u> | <u>50,000</u> |

Income Statement for the year ended 31.12.2016

| | Rs. | Rs. |
|---------------------------|------------------|----------|
| Net Sales | | 8,00,000 |
| Less : Cost of goods sold | | |
| Opening Stock | 1,50,000 | |
| Purchase | 5,00,000 | |
| Closing stock | (1,30,000) | 5,20,000 |
| | Gross Profit | 2,80,000 |
| Less: Operating Expenses | 96,000 | |
| Depreciation | 24,000 | 1,20,000 |
| | Net Profit | 1,60,000 |
| Less : Tax | | 70,000 |
| | | 90,000 |
| Less : Dividend | | 40,000 |
| | Retained Earning | 50,000 |

- (i) Equipment was purchased on 1.7.2016 at average index 157.5.
- (ii) Rate of depreciation 10%

Index on 31.12.15 — 150

Index on 31.12.16 — 163.8

Tax paid throughout the year and dividend paid at the end of the year. Recast financial statement under CPP method. 15