



**MCO (P) 94**

**M.Com. (Previous) Examination, May/June 2011**  
**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. **(3×15=45)**

1. What are accounting concepts ? Describe the importance of accounting conventions.
2. Examine the history of accounting.
3. Explain the procedure followed in government system of accounting in India.
4. From the following details, prepare a Balance Sheet.

Acid Test Ratio	=	2.5
Current Ratio	=	1.5
Net working capital	=	Rs. 10,00,000
Fixed Assets	=	?
Share holders fund	=	Rs. 15,00,000
Stock/Inventory	=	?
Bank over draft	=	?
Share capital	=	?
Proprietary ratio	=	0.75 (Fixed Assets/Share holders fund)
Reserves	=	Rs. 1,25,000
Long term loan	=	Rs. 1,25,000
Debentures	=	Rs. 10,00,000

**P.T.O.**



5. From the following summarized Balance Sheets of Sri. Mookambika Traders, prepare a funds flow statement.

**Balance Sheet**

Liabilities	1-1-2010	31-12-2010	Assets	1-1-2010	31-12-2010
	Rs.	Rs.		Rs.	Rs.
Share capital	2,00,000	2,50,000	Land and building	2,00,000	1,90,000
Gen. Reserve	50,000	60,000	Machinery	1,50,000	1,69,000
P/L A/c	30,500	30,600	Stock	1,00,000	74,000
Bank Loan	70,000	-	Sundry Debtors	80,000	64,200
Sundry creditors	1,50,000	1,35,200	Cash	500	600
Provision for taxation	30,000	35,000	Bank	-	8,000
			Goodwill	-	5,000
	<b>5,30,500</b>	<b>5,10,800</b>		<b>5,30,500</b>	<b>5,10,800</b>

**Additional information :**

- a) Dividends paid during the year was Rs. 30,000.
- b) Assets of another company were purchased for consideration of Rs. 50,000 payable in shares. Assets purchased were
  - i) Stock Rs. 20,000
  - ii) Machinery Rs. 25,000
- c) Additional machinery purchased Rs. 8,000
- d) Depreciation written off on machinery Rs. 12,000
- e) Income tax provided during the year is Rs. 33,000
- f) Loss on sale of machinery Rs. 200 was written off to general reserve.

**PART – B**

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

6. Describe the concept of responsibility accounting.
7. Distinguish between current purchasing power and current cost accounting.



8. Write a note on International Accounting Standards.
9. From the following you are required to comment on the short term solvency of the company.

**Balance Sheet as on 31-3-2010**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share capital	5,00,000	Fixed Assets	6,00,000
Fixed liabilities	2,50,000	Liquid Assets	3,00,000
Current liabilities	2,50,000	Stock-in-trade	1,00,000
	<b>10,00,000</b>		<b>10,00,000</b>

10. The following figures relate to Shruti Ltd., for the year 2010.

	<b>Rs.</b>		<b>Rs.</b>
Opening stock	60,000	Closing stock	40,000
Purchases	2,25,000	Sales	4,20,000
Wages	35,000	Sales Returns	20,000
Carriage inwards	10,000	Return outwards	10,000

- i) Arrange the above figures in a form suitable for analysis.
- ii) Calculate stock turnover and gross profit ratio.

**PART – C**

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

11. a) Write a note on limitations of ratio analysis.
- b) What are the assumptions of accounting theory ?
- c) Illustrate “funds from operation”.
- d) Enumerate the methods HR Accounting.
- e) What is inflation accounting ?
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