



M.Com. II Semester (CBCS) Degree Examination, May - 2018

COMMERCE

Contemporary Issues in Accounting

Paper No: HC 2.2

(New)

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates:

Attempt **ALL** the sections.

Section - A

1. Answer any **Ten** of the following sub-questions. Each sub-question carries **Two** marks. **(10×2=20)**

- a) What is CCA?
- b) State the major Shadow pricing techniques.
- c) Define Social Audit.
- d) Give Examples of Materiality in accounting.
- e) What do you mean by Creative Accounting?
- f) What is Environmental accounting?
- g) What is Brand loyalty?
- h) Mention any four advantages of Inflation accounting.
- i) What do you mean by Backlog depreciation?
- j) Differentiate between cash flow statement and cash flow accounting.
- k) Write short note on Human Resource Accounting.
- l) Define Intangible assets.

Section - B

Answer any **four** questions. Each question carries **five** marks. **(4×5=20)**

2. Write an explanatory note on "brand valuation".

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3. Briefly describe any one of the models of Human Resource Valuation you are familiar with.
4. What are the objections against Creative accounting? Discuss.
5. What do you mean by social Accounting? Explain the Social Accounting Approaches.
6. X Ltd Proposed to purchase business Carried on by Mr. Arun. Goodwill for this purpose is agreed to be valued at 4 years purchase of the weighted average profit of the past 5 years.

The profit of these years and respective weights to be assigned are as follows :

Year	Profit	Weight
2014	40,200	1
2015	44,800	2
2016	40,000	3
2017	60,000	4
2018	62,800	5

Adjustments :

- 1) On 1st October, 2017 a major repair was made in respect of Plant incurring Rs. 12000 which was charged to revenue, the said sum is agreed to be capitalised for goodwill calculation subject to adjustment of depreciation of 10% P.A on Reducing Balance method.
- 2) The closing stock for the year 2016 was valued by Rs. 8400.
- 3) To cover management cost on annual charge of Rs. 8000 should be made for the purpose of goodwill valuation.

Compute value of goodwill of the firm.

7. The estimated annual wages and salaries for next five years of Nippon Chemical Company are Rs. 4,5,6,7,8 Lakhs respectively. The ARR of company for the current year and preceding 4 years is 20,20,15,15 and 10 respectively and ARR of all the firms in the chemical industry for the corresponding period is 120,10,9,8 and 6 respectively. Assume the Discount rate is 15%.

Calculate the adjusted present value according to Hermanson's adjusted discount future wages model.

Section - C

Answer any **Three** questions. Each question carries **ten** marks. **(3×10=30)**

8. What is creative accounting? What measures do you suggest to minimize the scope for manipulation of accounts by the companies?

9. Explain different Approaches to CSR. Draft a Social Balance sheet of an organisation known to you.
10. Study the particulars given below and analyse the rate of Return on investment
- Without involving price level changes.
 - With price level changes.

Fixed assets	=	50,00,000
Current Assets	=	40,00,000
Current Liabilities	=	18,00,000
Depreciation	=	10% on original cost method
Rate of tax	=	50%
Replacement cost of fixed assets	=	80,00,000
Profit after Tax (PAT)	=	9,00,000

11. MNP Ltd is a firm engaged in providing Management consulting services to Software companies in the country. For the current year just ended, it has reported an operating profit of Rs. 102 lakh (i.e., earnings before Interest and Tax) and net income of Rs. 45 lakh. The Expenses of the company include the cost of recruiting new consultants and training them which amounted to Rs. 20 lakh for the current year. A person who joins MNP Company stays with the firm, on the average for four years. The following recruitment and training costs were incurred over the past four years.

Year :	Current	-1	-2	-3	-4
Cost of training and recruitment (Rs. lakh)	20	16	15	12	10

Assuming a linear amortization schedule, estimate.

- The value of human resource at the end of each of the five years.
 - The amount of recruitment and training costs amortised during each of the five years, and
 - The adjustment for the current year's operating profit.
12. From the following information taken from the books of Ramu Ltd. relating to staff and community benefits, Prepare a statement classifying the various items under the appropriate heads.

	Rs.
Environmental Improvements	20,10,000
Medical facilities	45,00,000

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Training Programmes	10,25,000
Generation of job opportunities	60,75,000
Municipal Taxes	10,70,000
Increase in cost of living in the vicinity due to a thermal power station	16,55,000
Concessional transport, water supply	11,25,000
Extra work put in by staff and officers for drought relief	18,50,000
Leave encashment and leave travel benefit	52,00,000
Educational facilities for children of staff members	21,60,000
Subsidised canteen Facilities	14,40,000
Generation of business	25,00,000

