

Q.P. Code – 57224

First Year M.Com. Degree Examination, DECEMBER 2017

(Directorate of Distance Education)

Commerce

(DPA 540) Paper IV — ACCOUNTING THEORY

Time : 3 Hours]

[Max. Marks : New Scheme : 80

Old Scheme : 70

Instructions to Candidates :

- 1) Sections – A, B and C are common and compulsory for the students of both new and old schemes.
- 2) Section – **D** shall be answered by only the students under new scheme (with 20 internal assessment marks).

SECTION – A

Note : Answer **ALL** the five sub-questions and each sub-question carries **2** marks :

5 × 2 = 10

1. (a) What is Accounting Theory?
(b) What is Economic value added?
(c) What is Normative approach?
(d) What is relevant cost?
(e) What is True blood report?

SECTION – B

Note : Answer any **THREE** questions and each question carries **10** marks : **3 × 10 = 30**

2. Trace out the strategic difference between Financial Accounting and Cost Accounting.
3. Briefly explain the Residual equity theory.
4. Critically evaluate the emerging trends in Accounting Standards.
5. Critically evaluate the role of Securities and Exchange Commission in implementing GAAPs.

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6. H company held share in X company which it brought for Rs.10,000 in 2011 when index of general level of price stood at 110 at the end of 2014, the market price of the share was Rs.8,000 and the index 132. At the end 2015, the market price of shares was Rs.9,000 and index 143.
- (a) Calculate the CPP value of the shares at the end of the 2014 and 2015.
- (b) Under CPP accounting what gain or loss would be shown in respect of the shares?
- (c) What in fact was the gain or loss in purchasing power in respect of the shares during 2015?

SECTION – C

Note : Answer any **TWO** questions and each question carries **15** marks : **2 × 15 = 30**

7. Explain the different approaches to formulation of accounting theory.
8. What is Corporate Financial Reporting? Explain the benefits and objectives of Financial Reporting. <https://www.kuvempuonline.com>
9. From the following information in respect of Birla Ltd. calculate the total value of human capital according to Lev and Schwartz model :

Distribution of employees at Birla Ltd.

Age	Unskilled		Semi skilled		Skilled	
	No.	Average annual earnings (Rs.)	No.	Average annual earnings (Rs.)	No.	Average annual earnings (Rs.)
30-39	120	4,000	100	4,500	50	8,000
40-49	70	5,000	50	6,000	30	9,000
50-59	20	6,000	15	7,000	15	10,000
60-64	10	7,000	10	8,000	5	11,000

Apply 20% discount factor.

SECTION – D

Note : This section is only for the students of New Scheme (with **20** internal assessment marks). Answer any **ONE** question and it carries **10** marks : **1 × 10 = 10**

10. Write a evaluative note on Human Resource Accounting in India.
11. Write an explanatory notes on history of Accounting thought.