MCOM(P)04

Sl.No. :

Total No. of Pages : 4

First Year M.Com. Degree Examination, May-2026
(SLM Scheme, Non CBCS)
COMMERCE
Course-IV : Accounting Theory and Practice

Time : 3 Hours **Max. Marks : 80**

PART-A

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

Q1) State the purpose of accounting.

Q2) What are financial statements?

Q3) Write a short note on inflation accounting.

Q4) What is GAAP? Mention any two objectives of GAAP.

Q5) Briefly explain the objectives of responsibility accounting.

Q6) What is IFRS?

PART-B

Answer any three questions. Each question carries ten marks. **[3×10=30]**

Q7) Discuss any two emerging trends in accounting.

Q8) Explain the concept of HRA. What are its advantages.

Q9) Define creative accounting? Explain the various ways to manage creative accounting practices.

Q10) From the following information you are required to prepare Balance Sheet.

Current ratio	-	1.75times
Liquidation	-	1.25times
Stock turnover ratio	-	9times
Gross profit ratio	-	25%
Debt collection period	-	1 and ½ months
Reserves and surplus to capital	-	0.2
Turnover to fixed assets	-	1.2
Capital grossing ratio	-	0.6
Fixed assets to net worth	-	1.25
Sales	-	₹12,00,000

Q11) From the following calculate cash from operations:

Profit and Loss Account for the year ended 31st March 2025.

Particulars	₹	Particulars	₹
To Salaries	5,000	By G/P	25,000
To Rent	1,000	By Profit on Sale on land	5,000
To Depreciation	2,000		
To Loss on sale of plant	1,000	By Income tax refund	3,000
To good will written off	4,000		
To proposed dividend	5,000		
To provision for tax	5,000		
To Net profit	10,000		
	33,000		33,000

PART-C

Answer any two questions. Each question carries fifteen marks. **[2×15=30]**

Q12) Explain and compare CPP and CCA methods of inflation accounting.

Q13) Discuss various accounting concepts and conventions.

Q14) The following is the summarized balance sheets of XYZ Ltd. as on 31-3-2024 and 2025.

Liabilities	2024	2025
Share capital	2,00,000	2,50,000
General reserve	50,000	60,000
Profit and loss	30,500	30,600
Bank loan (long term)	70,000	-
Sunday creditors	1,50,000	1,35,200
Provision for taxation	30,000	35,000
	5,30,500	5,10,800

Assets		
Land and building	2,00,000	1,90,000
Machinery	1,50,000	1,69,000
Stock	1,00,000	74,000
Sundry debtors	80,000	64,200
Cash	500	800
Bank	-	7,800
Goodwill	-	5,000
	5,30,500	5,10,800

Additional Information :

The following additional information is given for the year ended 31st March 2025.

a) Dividend of ₹23,000 was paid.

b) Assets of another company were purchased for a consideration of ₹50,000 payable in shares. The following assets were purchase stock : ₹20,000 machinery ₹25,000.

c) Machinery was further purchase for ₹8,000.

d) Depreciation written off on machinery ₹12,000

Prepare fund flow statement and statement showing changes in working capital.

Q15) The following is the trading and profit and loss account of M/s.Maheshwari Bros Private Ltd., for the year ended June 30, 2025.

Particulars	₹	Particulars	₹
To stock in hand	76,250	By Sales	5,00,000
To purchases	3,15,250	By Stock in hand	98,500
To carriage and freight	2,000		
To wages	5,000		
To gross profit	2,00,000		
	5,98,500		5,98,500
	₹		₹
To administration expenses	1,01,000	By Gross Profit	2,00,000
To finance expenses:		By Non-operating Incomes:	
Interest 1,200		Interest on investment 1,500	
Discount 2,400		Profit on sale of Securities 3,750	
Bad debts 3,400	7,000	Profit on sale of shares 750	
To selling and distribution Expenses	12,000		6,000
To non-operating expenses:			
Loss on sale of securities 350			
Provision for legal suit 1,650	2,000		
To net profit	84,000		
	2,06,000		2,06,000

You are required to calculate:

a) All Expense Ratios
b) Gross Profit Ratio
c) Net Profit Ratio
d) Operating Profit Ratio
e) Operating Ratio
f) Stock Turnover Ratio.

