



# NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE

Assignment — June-2020/Dec.-2020

COMMERCE

Paper - VI : Accounting Theory

## QUESTION PAPER CUM ANSWER BOOKLET

(Full Marks : 50)

(Weightage of Marks : 20%)

**Special credit will be given for precise and correct answer. Marks will be deducted for spelling mistakes, untidiness and illegible handwriting. The figures in the margin indicate full marks.**

Name (in Block Letter) : .....

Enrolment No.

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Study Centre Name : ..... Code : .....

To be filled by the Candidate	Serial No. of question answered																				TOTAL	
For Evaluator's only	Marks awarded																					

Q.P. Code : **PA/5/VI**

**PG-COM.-AP-17082**

Signature of Evaluator with Date



# NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE

Assignment — June-2020/Dec.-2020

COMMERCE

Paper - VI : Accounting Theory

**STUDENT'S COPY**

Name (in Block Letter) : .....

Enrolment No.

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Study Centre Name : ..... Code : .....

Q.P. Code : **PA/5/VI**

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Received Answer Booklet  
Signature with seal by the Study-Centre

**জরুরি নির্দেশ / Important Instruction**

আগামী শিক্ষাবর্ষান্ত পরীক্ষায় (T.E. Exam.) নতুন ব্যবস্থা অর্থাৎ প্রশ্নসহ উত্তর পুস্তিকা (QPAB) প্রবর্তন করা হবে। এই নতুন ব্যবস্থার সঙ্গে পরীক্ষার্থীদের অভ্যস্ত করার জন্য বর্তমান অনুশীলন পত্রে নির্দেশ অনুযায়ী প্রতিটি প্রশ্নের উত্তর নির্দিষ্ট স্থানেই দিতে হবে।

**New system i.e. Question Paper Cum Answer Booklet (QPAB) will be introduced in the coming Term End Examination. To get the candidates acquainted with the new system, assignment answer is to be given in the specified space according to the instructions.**

**Detail schedule for submission of assignment for the  
PG Term End Examination June-2020/Dec.-2020**

1. Date of Publication : 20/06/2020
2. Last date of Submission of answer script by the student to the study centre : 19/07/2020
3. Last date of Submission of marks by the examiner to the study centre : 16/08/2020
4. Date of evaluated answer scripts distribution by the study centre to the students (Students are advised to check their assignment marks on the evaluated answer scripts and marks lists in the study centre notice board. If there is any mismatch / any other problems of marks obtained and marks in the list, the students should report to their study centre Co-ordinator on spot for correction. The study centre is advised to send the corrected marks, if any, to the COE office within five days. No change / correction of assignment marks will be accepted after the said five days.) : 23/08/2020
5. Last date of submission of marks by the study centre to the Department of C.O.E. on or before : 31/08/2020

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এখানে কিছু লিখবেন না

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**MODULE - I**Answer any *two* questions :

$$12 \frac{1}{2} \times 2 = 25$$

1. a) "The central purpose of accounting is to make possible the periodic matching of costs and revenues." — In light of the statement elucidate the objectives of accounting. 4
- b) State the classification of Accounting Theories as laid down by E. S. Hendriksen. 5
- c) Critically analyse the measurement aspect of the Accounting Theory.  $3 \frac{1}{2}$
2. a) Compare and contrast between balance sheet approach and matching approach of income measurement. 4
- b) Discuss the concept of income from Accountant's viewpoint. Also discuss how this concept is different from economist's viewpoint. 4
- c) The company has two assets — *A* & *B*. *A* is expected to generate Rs. 20,000 p.a. for next 3 years and Rs. 30,000 in next 2 years. On the other hand *B* is expected to generate Rs. 30,000 in first year, Rs. 28,000 in second year, Rs. 31,000 in 3rd year, Rs. 26,000 in fourth year and Rs. 29,000 in fifth year. Find out the net present value of the assets considering discount rate @ 10% and comment how much capital is maintained by the company if the acquisition costs of Machine *A* and Machine *B* are Rs. 80,000 and Rs. 75,000 respectively.  $4 \frac{1}{2}$
3. a) "Cash Flow Accounting constitutes the analytical framework for linking past, present and prospective financial performance." — In light of the given statement justify the significance of adopting cash flow accounting. Also comment how this cash flow accounting is superior to the conventional accounting system. 3 + 3
- b) Show the classification of following transactions as they would appear in the Cash Flow Statements of *ABC* Trading Co. & *XYZ* Bank as per Indian Accounting Standard 7 [ IND AS-7 ] :
  - i) Sale of 40 computers by *ABC* Trading to *XYZ* Bank @ Rs. 35,000, 40% of Sales proceeds remain on credit.
  - ii) Loan granted to *ABC* Ltd. by the *XYZ* Bank of Rs. 10,00,000 at an interest of 12% p.a. This year Rs. 60,000 principal amount and entire interest for the full year was repaid by *ABC* Ltd.



- iii) XYZ Bank was appointed as the underwriter of ABC Ltd. for initial public offerings for Rs. 10,00,000 equity shares @  $2\frac{1}{2}$  % underwriting commission. Eventually equity shares of Rs. 50,000 remain under-subscribed which has been taken over by the underwriter.
- iv) ABC Ltd. had paid Rs. 20,000 as XYZ bank charges and earned Rs. 30,000 as interest from their fixed deposit of Rs. 12,00,000 at XYZ Bank.
- v) Dividend @ 20% on equity shares capital was declared and paid by ABC Ltd.

 $6\frac{1}{2}$ 

4. a) Make a brief journey to the development of conceptual framework to accounting discipline.
- b) State the purpose and benefits of Conceptual Framework of Accounting. In this context describe the nature and scope of the conceptual framework of accounting.

 $3\frac{1}{2}$ 

5 + 4

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**First Answer :**



**QP Code : PA/5/VI**

5 / 20

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**QP Code : PA/5/VI**

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**Second Answer :**





**QP Code : PA/5/VI**

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## MODULE - II

Answer any *two* questions.

$$12 \frac{1}{2} \times 2 = 25$$

5. a) What is meant by 'expanded disclosure' approach ? Elucidate arguments in favour of and against expanded disclosure approach. 2 + 3 + 3
- b) With the help of the following information compute Economic Value Added [ EVA<sup>(R)</sup> ] and EVA<sup>(R)</sup> as a % of average capital employed of ABC Ltd. for the previous and current year —

<i>Particulars</i>	<i>Previous Year</i>	<i>Current Year</i>
i) Average Capital Employed	Rs. 35,00,000	Rs. 40,00,000
ii) Operating Profit before interest ( Adjusted for tax effects )	Rs. 12,50,000	Rs. 16,00,000
iii) Corporate Income Tax paid	Rs. 70,000	Rs. 1,20,000
iv) Average Debt/Total Capital Employed	35%	30%
v) $\beta$ -variant ( Beta )	1.20	1.30
vi) Risk-free Govt. Rate	12.5%	12.5%
vii) Market Rate	22.5%	22.5%
viii) Cost of Debt ( after tax )	19%	20%

$$4 \frac{1}{2}$$

6. a) State the basic accounting styles of Indian Government Accounting System as laid down in various Acts. In this context elucidate the mechanism of recognition of revenue and expenditure in the books of Government Accounting.  $3 \frac{1}{2} + 4$
- b) Briefly describe the budgetary aspect of Government operations. Also elaborate the mechanism of interfund transfers and transactions in Government Accounting domain.  $2 \frac{1}{2} + 2 \frac{1}{2}$
7. a) Define Social Accounting. How is it different from Enterprise Accounting System ?  $2 + 3 \frac{1}{2}$
- b) Compare and contrast various forms of National Income Measurement Models. How many sectoral accounts have to maintained in Social Accounting Mechanism. 4 + 3



8. a) State various methods of computation of Value Added Income with hypothetical example. 3
- b) How to treat the following items in Value Added Accounting ?
- i) Depreciation on Plant & Machinery
  - ii) Unsold stocks
  - iii) Corporate Income Tax
  - iv) Wages and Salaries. 4
- c) With the help of following information compute valued added income of ABC Ltd. Comment with ratios.
- i) Financial Leverage — 1.5 times
  - ii) Price Earnings Ratio — 5 times
  - iii) Wages & Salaries — Rs. 50,000
  - iv) Electricity — Rs. 40,000
  - v) Rent — Rs. 30,000
  - vi) Fire Insurance Premium — Rs. 30,000
  - vii) Depreciation of plant — Rs. 20,000
  - viii) 12% Loan ( Interest fully paid ) — Rs. 5,00,000
  - ix) 10% Debenture — Rs. 10,00,000
  - x) Equity share capital — Rs. 10,00,000
  - xi) Dividend paid @ 20% on share capital
  - xii) 10% Preference Share Capital — Rs. 5,00,000
  - xiii) Tax Rate — 35%  $3\frac{1}{2} + 2$

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**First Answer :**



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**Second Answer :**





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