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MASTER OF COMMERCE (M.COM.)

EXAMINATION : DECEMBER - 2023

FIRST SEMESTER

Sub: New Trends in Accounting (MCC-110)

Date: 05/12/2023

Total Marks: 60

Time: 10.00 am to 12.30 pm

- Instructions:**
- 1) All questions are compulsory.
 - 2) Figures to the right indicate full marks.

Q. 1. Answer the following questions. (Attempt any two) (32)

1. **Evaluation of lease option:**

Cost of Debt = 13.4862 (1-.35) % = 9%

	Dep (Rs.)	Tax @ 35% (Rs.)	PV @ 9%	PV of Tax Shield on Dep (Rs.)
1	1600000	560000	0.9174	513744
2	960000	336000	0.8417	282811
3	576000	201600	0.7722	155676
4	345600	120960	0.7084	85688
5	207360	72576	0.6499	47167
	3688960	1291136		1085086

2. Explain types of Forensic accounting Engagement.
3. Explain types of Leasing Accounting.
4. A manufacturing company purchased machinery for 10,000 in 2009. In 2017, The Company reinstated its financial records using inflation accounting. In 2001, the general price index was 400; in 2017, it was 600. Find the current cost of the machine purchased in 2009.

Q. 2. Answer the following. (Attempt any one) (08)

1. Explain Human Resource Accounting
2. State and explain advantages of Cost Approach.
3. Difference between Leasing and Hire Purchase

Q. 3. Write short notes. (Attempt any two) (10)

1. Inflation Accounting
2. Corporation taxation
3. Goodwill market
4. Economic Value Model

Q. 4. Select the Correct Alternatives (Attempt Any Ten)

(10)

1. What is the primary purpose of inflation accounting?
 - a) To increase the reported profits of a company
 - b)) To adjust financial statements for changes in the price level
 - c)) To reduce the tax liability of a company
 - d) To calculate the company's market share
2. When did the concept of inflation accounting gain significant attention in accounting literature?
 - a) In the 19th century
 - b) In the early 20th century
 - c) In the 1970s
 - d) In the 1990s
3. In Current Purchasing Power Accounting, how are non-monetary assets like inventory typically restated?
 - a) At historical cost
 - b)) At current market value
 - c) At net realizable value
 - d)) At the lower of cost or market value
4. Which method of inflation accounting focuses on restating historical costs in terms of current prices?
 - a) Current Cost Accounting
 - b) Current Purchasing Power Accounting
 - c) Replacement Cost Accounting
 - d) Historical Cost Accounting
5. How does inflation accounting impact a company's tax liability?
 - a) It reduces the tax liability by decreasing reported profits.
 - b) It increases the tax liability by increasing reported profits
 - c) It has no impact on the tax liability
 - d) It depends on the accounting method used
6. Which of the following is a tax-based incentive to encourage inflation accounting adoption?
 - a) Reduced corporate tax rates
 - b) Tax deductions for inflation adjustments
 - c) Tax credits for adopting inflation accounting
 - d) Tax exemption for inflation-adjusted profits
7. In financial reporting to management during inflation, which financial statement is particularly important for decision-making?
 - a) Income Statement
 - b) Balance sheet
 - c) Statement of cash flows
 - d) Statement of retained earnings
8. Why is financial reporting to management during inflation different from reporting to external stakeholders?
 - a) Management prefers to understate profits.
 - b) Management focuses on tax minimization
 - c) Management is concerned with long-term financial stability
 - d) External stakeholders are not interested in inflation-adjusted data.
9. What is the primary objective of Human Resource Accounting (HRA)?
 - a) To assess the market value of employees
 - b) To measure the historical cost of hiring employees
 - c) To evaluate the contribution of human capital to an organization
 - d) To determine the replacement cost of human resources
10. What is "goodwill" in the context of Human Resource Accounting (HRA)?
 - a) The market value of a company's reputation
 - b) The historical cost of hiring employees
 - c) The replacement cost of human resources
 - d) The opportunity cost of employee turnover

11. In the Economic Value Model of HRA, What is the primary focus?
- a) Historical cost of employees
 - b) Replacement cost of employees
 - c) Market value of employee
 - d) Present value of future earnings
12. Which approach combines historical cost and market value aspects to assess human capital in integrated HRA?
- a) Cost-Based Historical Cost Approach
 - b) Replacement Cost Approach
 - c) Economic Value Model
 - d) Opportunity Cost Approach
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