

2018
COMMERCE
MCO: 301
ACCOUNTING THEORY AND PRACTICE
Full Marks: 80
Time: 3 hours

The figures in the margin indicate full marks for the questions:

1. Answer the following questions :

1X12=12

- I. Ethical approach of accounting theory is
 - a) Based on the concept social welfare
 - b) Based on the concept of general economic welfare
 - c) Based on the concept of fairness, justice and truth
 - d) All of the above

- II. Roots of accounting theory can be found in
 - a) Decision theory
 - b) Information theory
 - c) Measurement theory
 - d) all of the above

- III. Increase in owner's equity resulting from business operation is called
 - a) Net Income
 - b) Revenue
 - c) Expenses
 - d) Asset

- IV. Whish of the following statement is correct
 - a) Inductive approach study the problem from general to particular
 - b) Deductive approach study problem from general to particular
 - c) Deductive approach started from observation to generalization
 - d) None of the above

reasons behind the slow progress of Accounting Standard Board (ASB) in India. 6+6=12

e) What is accounting concept of income? Describe the procedure of computing accounting income. Make a comparison between the Economic concept and Accounting concept of income.

2+5+5=12

f) What are the causes of depreciation? ABC Ltd. purchase a machine on October 01.2016 for Rs 1,000,000 and spend Rs 100,000 for its installation. The salvage value of the Machinery after its useful life of 10 years is estimated to be Rs. 20,000. Record the journal entries and draw up Machinery Account, Depreciation Account and Provision for Depreciation Account for first three years given that depreciation is charged under straight line method. The books and accounts closed on March 31 every year.

4+8=12
