1X12=12

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:

d) None of the above

 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 		are economic welfare
II.	Roots of accounting theory can be foa) Decision theoryb) Information theory	und in c) Measurement theory d) all of the above
III.	Increase in owner's equity resulting from a) Net Income b) Revenue	om business operation is called c) Expenses d) Asset
īV.	Whish of the following statement is correcta) Inductive approach study the problem from general to particular	

b) Deductive approach study problem from general to particularc) Deductive approach started from observation to generalization

V.	What is the underlying concept that support the immediate
	recognition of loss

a) Matching

c) judgment

b) Consistency

d) Conservatism

VI. The value remain after the useful life of an asset is known as

a) Salvage value of the asset

c) Reproduction value

b) Replacement value

d) Historic value

VII. Revenue is recognize

- a) At the time of sale c) only after the purchase order is signed
- b) When goods are received d) none of the above

VIII. Accrued expenses are expenses

- a) Expenses that have been paid
- b) Created when another liability is reduced
- c) Expenses that that have been reported on the income statement but not yet paid
- d) All of the above

IX. Which of the following reason provides the best theoretical support for accelerated depreciation

- a) Asset are more efficient in the early years and initially generate more revenue
- b) Asset are less efficient in the early years and initially generates less revenue
- c) Repairs and maintenance cost will be probably increase in later period, so depreciation should decline
- d) Accelerated depreciation provides easier replacement because of time value of money

X. The objective of financial reporting is based on

- a) Generally accepted accounting principal
- b) The need of conservatism

- c) The need of users of information
- d) None of the above

XI. Which of the following relates to both relevant and reliable

a) Comparability

c) Timeliness

b) Feedback value

d)None of the above

XII. Equity equals

a) Asset-liability

c) Asset + liability

b) Liability - Asset

d) None of the above

2. Answer the following questions:

5X4=20

- a) Write a short note on Historical cost method of valuation of Asset.
- b) What is accounting Standard and what are its roles?
- c) What do you mean by owners equity? Explain briefly the concept of Proprietary Theory of equity. 2+3=5
- d) Write a short note on used-based method of calculating depreciation.

3. Answer any four of the following questions:

12X4=48

- a) What is accounting theory? What are the benefits of learning accounting theory? State the difference between the accounting theory and practice?
- b) What are the various classifications of accounting theory? Explain the Descriptive theory or Inductive approach to formulation of theory.
- c) What is segment report? What are the bases or criteria of segmentation for the purpose of segment reporting? Explain the difficulties involve in the segment reporting.
 2+5+5=12
- d) Describe the procedure of issuing Accounting Standard by Accounting Standard Board (ASB) in India. Explain the various

P.T.O.

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.
