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63/2 (SEM-3) MCO 301

2022

COMMERCE

(Theory Paper)

Paper Code : MCO-301

(Accounting Theory and Practice)

Full Marks – 80

Pass Marks – 32

Time – Three hours

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

1. Choose the correct options : 1×6=6

(a) Which of the following is not an example
of *Creditors security* ?

(i) Bond

(ii) Debenture

(iii) Preference capital

(iv) None of the above

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- (b) Salvage value of the fixed asset refers to the
- (i) value of purchase of the fixed asset
 - (ii) value of installation of fixed asset
 - (iii) value of repairs and maintenance of fixed asset
 - (iv) value remains after useful life of fixed asset

- (c) Which of the following Accounting Standards is related to Depreciation Accounting ?

- (i) AS-6
- (ii) AS-7
- (iii) AS-3
- (iv) AS-12

- (d) Which of the following is responsible for setting Accounting Standards in India ?

- (i) ASB
- (ii) IASB
- (iii) FASB
- (iv) RBI

- (e) Which of the following statement is true about the inductive approach ?

- (i) It helps in generalization of accounting concepts and principles.
- (ii) This approach studies the problem from general to particular.
- (iii) Both (i) and (ii) above
- (iv) None of the above

- (f) Owner's equity does not include
- (i) Share Capital
 - (ii) Reserve and Surpluse
 - (iii) Bond
 - (iv) All of the above.

2. Answer the following questions : $2 \times 5 = 10$

- (a) What is Accounting standard ?
- (b) What is Segment report ?
- (c) What is Convertible debenture ?
- (d) State any two limitations of Accounting standard.
- (e) State any two reasons for valuation of asset and liability.

3. Answer any six of the following questions :

$5 \times 6 = 30$

- (a) Explain the importance of Financial reporting.
- (b) Write a short note on Conceptual Framework of accounting.
- (c) What are the causes of depreciation ?
- (d) Briefly explain the differences between Inductive and Deductive approach of constructing accounting theory.

- (e) Explain the need of Accounting standards.
- (f) What are the methods of redemption of debenture ?
- (g) Explain the reason why price level change accounting is required.
- (h) Differentiate between periodic and segment report.
- (i) Briefly explain the methods of valuation of asset ?

4. Answer any *two* of the following questions :

- (a) Explain the recent development in accounting and reporting. 10×2=20
- (b) Explain the *Accounting standard setting procedure* of Accounting Standard Board (ASB). 10
- (c) What are the various methods used for calculating depreciation ?

Basumatory Ltd. bought a Machine for Rs. 8,00,000 on April 1, 2019. Depreciation is provided on straight line method at the rate of 10% on original cost. On April 1, 2021 a substantial modification is done to make the machine more effective at a cost of Rs. 80,000. The amount is to be depreciated

at the rate of 10% on straight line basis. Routine maintenance expenses in the year 2021-22 amounted to Rs. 2,000. Calculate the amount of depreciation related to the year 2021-22, and total amount affecting the profit and loss account on the basis of above information in the year 2021-22. $5+5=10$

5. Answer any *one* of the following questions :

$14 \times 1 = 14$

- (a) Explain the various approaches of constructing accounting theories. 14
- (b) What is Owner's equity ? Differentiate between Ownership equity and Creditor's security.

X holds 6,000 shares of Rs. 10 each on which he has paid Rs. 2 per share as application money, Rs. 3 per share on allotment money and Rs. 3 per share on first call. Y holds 3,000 shares of Rs. 10 each on which he has paid Rs. 2 per share as application money and Rs. 3 per share on allotment money. Z holds 5,000 shares of Rs. 10 each on which he has paid Rs. 2 per share as application money. They all failed to pay their respective arrears and second and final call money and the

directors, therefore forfeited their shares. The shares are re-issued subsequently for Rs. 12 per share fully paid up. Pass the necessary journal entries in the books of the company.

$$2+5+7=14$$