(b) Explain diminishing balance method of depreciation and its advantage and disadvantage. ABC Company Ltd. purchased a machine in 1-4-2017 at a cost of Rs.1,00,000. The Machine had a useful life of 5 years. ABC Company Ltd. calculates depreciation in straight line method of depreciation. At the end of the second year ABC Company revalued the asset at a cost of Rs.80,000. The remaining useful life was reassessed at 4 years. Calculate the amounts of depreciation and prepare asset account. 6+8=14

Total number of printed pages–6

63/2 (SEM-3) MCO301(N/O)

2024

COMMERCE

Paper : MCO301

(New and Old Course)

(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) Answer the following as directed : 1×6=6

(a) Depreciation is a

(i) Cash expenditure

(ii) Capital expenditure

(iii) Fixed Asset

(iv) Non-cash expenditure

(b) Which of the following is not considered as a formal part of financial statement ?

- (i) Trading Account
- (ii) Management Report
- (iii) Cash flow statement
- (iv) P/L Account

(c) Assets are recorded at their original purchase price.

- (i) Historical Cost Concept
- (ii) Fair Value Concept
- (iii) Accrual Basis Concept
- (iv) None of the above

(d) Ind AS 16 is related to

- (i) Inventories
- (ii) Impairment of Assets
- (iii) Property, Plant and Equipment
- (iv) None of the above

(e) What does periodic reporting mean?

- (i) Reporting financial information only when necessary
- (ii) Reporting financial information at set intervals

- (iii) Reporting financial results only once a year
- (iv) Reporting information unrelated to finances

(f) Which accounting standard in India deals with inflation accounting ?

- (i) Ind AS 2
- (ii) Ind AS 29
- (iii) Ind AS 10
- (iv) Ind AS 12

2. Answer the following questions : 2×5=10

(a) State *any two* limitations of accounting theory.

(b) What is periodic report ?

(c) What is revaluation of Asset ?

(d) What is the Accounting Standard Board (ASB) of India and what is its purpose ?

(e) What is Pragmatic approach of accounting theory ?

3. Answer ***any six*** of the following questions : $5\times6=30$

(a) What is Harmonization of accounting and reporting ?

(b) What are the primary reasons for implementing the new Indian Accounting Standard (Ind AS) in India ?

(c) Discuss the accounting principles related to the recognition and measurement of revenue and expenses.

(d) Describe the concept of owners' equity and outline its components.

(e) Discuss the various factors that contribute to the depreciation of assets.

(f) Briefly explain the Positive and Normative Accounting theory.

(g) State the regulatory bodies that are responsible for monitoring and implementation of accounting standard in India.

(h) Discuss the concept of a corporate report and its significance in the context of business operations.

(i) Discuss the importance of price level change accounting.

4. Answer ***any two*** of the following questions : $10\times2=20$

(a) Explain accounting theory and its importance. Differentiate between the inductive and deductive approaches of theory construction.

(b) Explain the accounting standard setting procedure and its key challenges.

(c) Discuss recent developments in accounting and financial reporting and their impact on the evolving business landscape.

5. Answer ***any one*** of the following questions : $14\times1=14$

(a) Explain the conceptual framework of financial accounting and its role in financial reporting. What are the components of the Conceptual Framework of Accounting ? $7+7=14$