

3

Exam.Code:0171
Sub. Code: 8841

1125
B.Com. (Hons.) Third Semester
BCH-307: Accounting Theory

Time allowed: 3 Hours

Max. Marks: 80

NOTE: Attempt four short answer type questions from Section-A. Attempt two questions each from Section B and C respectively.

x-x-x

Section – A

- I. Attempt the following:-
- Explain as how accounting has changed overtime.
 - How does accounting theory influence accounting practices and accounting issues.
 - Discuss the different basis of valuation of assets.
 - Explain the main objectives of financial reporting by business enterprises.
 - Distinguish between 'Comprehensive Income' and 'Earnings' as defined by SFAC.
 - What are the differences between traditional and new approaches to accounting formulation? (4x5)

Section – B

- II. Define accounting theory. What is the primary purpose of accounting theory? (15)
- III. "Accounting systems have to be in tune with economic and social environment". Discuss. (15)
- IV. Discuss event approach, value approach and prediction approach to formulation of accounting theory. (15)
- V. "Accounting is what accountants do, therefore, a theory of accounting may be extracted from the practices of accountants". Do you agree? In the light of this statement, discuss the nature of accounting theory. (15)

Section - C

- VI. Explain the concept of comprehensive income. Discuss its uses in financial accounting. (15)
- VII. Discuss the various asset valuation and income determination models. Which one you recommend for adoption by business enterprises in India in the present economic situation? Give reasons. (15)
- VIII. What are the two primary qualitative characteristics of financial accounting and reporting? Explain. (15)
- IX. Discuss in brief the overview of the framework of accounting as has been developed by IASC. (15)

x-x-x