

Tilak Maharashtra University

Bachelor of Business Administration (Distance)

(Semester - II) - Internal Evaluation

FINANCIAL ACCOUNTING

Marks : 80

Code : 71212

Note:

- ❖ The Paper Consist of two sections I & II
 - ❖ Section I & II are Compulsory
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SECTION – I

Q. 1 a) Make a list of the Accounting standards which are issued by ICAI so far. **(15)**

OR

- b) Give explanations regarding.....
- i) Applicability of Accounting standards to organizations to which Tax Audit provisions apply.
 - ii) Applicability of Accounting standards to charitable and Religious organizations.

Q. 2 a) Explain the different basic aspects of the Accounting policy which can be practiced in a business organization. **(15)**

OR

- b) Explain the importance of revenue recognition standard. Explain proper methods of revenue recognition in case of –
- i) Consignment Sales
 - ii) Goods sent on sale on approval
 - iii) Interest on investment
 - iv) Dividend on shares

Q. 3 a) Explain the correct methods of Accounting for the following – **(15)**

- i) Advertising commission
- ii) Insurance commission
- iii) Entrance fees, Membership fees in a club.

OR

- b) Explain the basic principles, which guide in determination of a particular expenditure whether of capital or revenue nature. Give at least 3 examples.

Q. 4 Write short notes (Any three) **(15)**

- a) Going concern concept
- b) Disclosure of abnormal items
- c) Deferred revenue expenditure
- d) Principle of materiality
- e) Revenue earning transaction

SECTION – II

Choose appropriate option (All questions are compulsory.)

(20)

1. Accounting standard is connected with accounting of
a) Income b) Expenses c) a, b d) None of these
2. Compliance with accounting standards make accounting statements.....
a) Objective b) Comparable c) Comparable among companies d) All of these
3. Accounting standards prove useful to auditors, tax officers
a) Yes b) No
4. Accounting standards are fixed in connection with.....
a) P & L A/c items b) B/S items c) Both a, b d) None of these
5. Accounting standard directly affecting the P & L A/c is in connection with.....
a) Revenue recognition b) Depreciation
c) Asset valuation d) None of these
6. Because of wrong valuation of assets and liabilities, the following becomes misleading.....
a) P & L A/c b) Balance sheet c) Both a or b d) None of these
7. Standard for accounting policies disclosure, legally applies to
a) Companies b) Sole proprietorships, firms c) Societies d) All of these
8. Accounting policy is concerned with rules and methods of accounting
a) Yes b) No
9. The disclosure standard of Accounting reports is related to abnormal items
a) Correct b) Wrong
10. As per disclosure standard, effect of changes in accounting methods on the profits or losses should be highlighted this statement is.....
a) Correct b) Wrong
11. The companies registered under company law have to maintain accounts on
a) Accrual basis b) Cash basis c) a or b d) None of these
12. If some revenue expenditure is not debited to P. & L. A/c. then
a) Profit will be inflated b) Profit will be understated
c) Profit will not be affected d) None of these

13. Capital expenditure on machinery creates.....
- a) Production capacity
 - b) Increases production capacity
 - c) a or b
 - d) None of these
14. Expenditure on plant repairs is of
- a) Capital nature
 - b) Revenue nature
 - c) Any a or b
 - d) None of these
15. Expenditure on plant capacity addition is of
- a) Capital nature
 - b) Revenue nature
 - c) Any a or b
 - d) None of these
16. Expenditure on plant and machinery should be capitalized
- a) Correct
 - b) Wrong
17. The principle of prudence means
- a) Profit is estimated in conservative manner
 - b) All known liabilities are provided for
 - c) Both a and b
 - d) None of these
18. The different accounting policies are possible in connection with
- a) Depreciation on assets
 - b) Inventory valuation
 - c) Capitalisation of expenses
 - d) All of these
19. Are there uniform methods for accounting of research and development expense, Deferred revenue expense, retirement benefit expense?
- a) Yes
 - b) No
20. State whether depreciation accounting rules apply to forests, mines, goodwill.
- a) Yes
 - b) No