



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS AND ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS**  
**WITH IT**  
**4<sup>TH</sup> YEAR 2ND SEMESTER 2018/2019 ACADEMIC YEAR**  
**MAIN CAMPUS (REGULAR)**

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**COURSE CODE: ABA 426**

**COURSE TITLE: ACCOUNTING THEORY**

**EXAM VENUE:**

**STREAM: (BBA)**

**DATE: 17/5/18**

**EXAM SESSION: 9.00 – 11.00AM**

**TIME: 2 HOURS**

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**Instructions**

- 1. Answer Question One (Compulsory) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room**

### **QUESTION ONE.**

- (a) Define the term “accounting theory” (3 marks).
- (b) Outline the key objectives of accounting theory. (6 marks).
- (c) Describe the process of developing a theory. (8 marks).
- (d) Explain any four Accounting postulates. (8 marks).
- (e) Discuss the contemporary issues in accounting. (5 marks).

### **QUESTION TWO.**

- (a) Describe the relationship between accounting theory and accounting practice. (8 marks).
- (b) Accounting theory borrows heavily from the accounting principles. Explain. (8marks).
- (c) Outline the meaning of accounting policy. (4 marks).

### **QUESTION THREE.**

- (a) Describe the building blocks of accounting theory. (10 marks).
- (b) There are three basic approaches to accounting theory development. Discuss them in detail. (10 marks).

### **QUESTION FOUR.**

- (a) Outline the benefits of accounting theory. (10 marks).
- (b) Accounting policies are enhanced through accounting theories. Discuss. (10 marks).

### **QUESTION FIVE.**

- (a) Describe the limitations of accounting information. (10 marks).
- (b) Explain the risk exposures MNCs have in consolidating their financial statements. (10 marks).