



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR
BUSINESS ADMINISTRATION (ACCOUNTING OPTION)**

YEAR FOUR SEMESTER TWO FOR 2019/2020 ACADEMIC YEAR

MAIN CAMPUS (SPECIAL EXAM)

COURSE CODE: ABA 426

COURSE TITLE: Accounting Theory

EXAM VENUE:

STREAM: BBA- ACCOUNTING

DATE:

DURATION: 2 Hours

INSTRUCTIONS

1. Answer QUESTION ONE and any other TWO questions
2. Show all your workings.
3. Do not write anything on the question paper

QUESTION ONE. (COMPULSORY-30 MARKS)

- a) Describe the limitations of accounting information. (5 marks).
- b) Explain the risk exposures MNCs have in consolidating their financial statements. (5 marks)
- c) According to both Hendriksen (1977) and McDonald (1972) the development of an Accounting theory should be anchored on three elements. Discuss (6 marks)
- d) Outline the key objectives of accounting theory. (4 marks).
- e) Describe the process of developing a theory. (4 marks).
- f) Explain any four Accounting postulates. (2 marks).
- g) Discuss the contemporary issues in accounting. (4 marks).

QUESTION TWO.

- (a) Discuss the constraints to relevant and reliable accounting information (4 marks)
- (b) Describe the relationship between accounting theory and accounting practice. (7 marks).
- (c) Accounting theory borrows heavily from the accounting principles. Explain. (5marks).
- (d) Outline the meaning of accounting policy. (4 marks).

QUESTION THREE.

- (a) Discuss the concept Fair presentation and compliance with International Accounting Standards as an emerging issue in accounting theory (6 marks)
- (b) Describe the building blocks of accounting theory. (4 marks).
- (c) 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).