

# TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

BAC 4403 : FINANCIAL ACCOUNTING THEORY

END OF SEMESTER EXAMINATIONS

SERIES : APRIL/MAY 2016

TIME : 2 HOURS

## **INSTRUCTIONS:**

*Answer question ONE and any other*

- 1a. Identify and explain qualitative characteristics of accounting information. (8Mks)
- b. Discuss the nature of conceptual framework. (6Mks)
- c. Discuss the nature of accounting standards. (10Mks)
- d. Briefly explain the rationale behind double entry accounting. (6Mks)
2. There is no single comprehensive theory of accounting. However various accounting theories of a middle range have resulted from the use of different approaches. Briefly discuss the traditional approaches to the formulation of an accounting theory. (20Mks)
- 3a. Write short notes on the following element of structure of accounting theory.
  - i. The postulates of accounting
  - ii. The theoretical concepts of accounting
  - iii. The principles of accounting
  - iv. The accounting techniques (10Mks)
- b. Briefly explain the following accounting principles:
  - i. The objectivity principle
  - ii. The consistency principle
  - iii. The full disclosure principle
  - iv. The conservatism principle
  - v. The materiality principle
4. Discuss the development of accounting principles in USA. (20Mks)
5. Discuss accounting postulates. (20Mks)