



# TECHNICAL UNIVERSITY OF MOMBASA

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SCHOOL OF BUSINESS

ACCOUNTING AND FINANCE

## UNIVERSITY EXAMINATION FOR:

BACHELOR OF BUSINESS ADMINISTRATION/BACHELOR OF COMMERCE

*BAC 4405: FINANCIAL ACCOUNTING THEORY*

END OF SEMESTER EXAMINATION

**SERIES: DECEMBER 2016**

**TIME: 2 HOURS**

**DATE:**

### Instructions to Candidates

You should have the following for this examination

-*Answer Booklet, examination pass and student ID*

This paper consists of FIVE questions. Attempt Question ONE and any other TWO questions from this paper.

**Do not write on the question paper.**

### QUESTION ONE (30 MARKS)

a. Briefly explain the meaning of

i. Normative theory (4 marks)

ii. Deductive theory (4 marks)

iii. The Going concern concept (4 marks)

iv. Business entity concept (4 marks)

- b. What is the relevance of IAS / IFRS to the accounting professional? (8 marks)
- c. Describe the role of the Institute of Certified Public Accountants of Kenya. (6 marks)

**QUESTION TWO (20 MARKS)**

- a. Discuss the Usefulness of financial accounting information in relation to different organization users (10 marks)
- b. Explain five benefits that would accrue to a company from the reporting of the company's social responsibility activities (10 marks)

**QUESTION THREE (20 MARKS)**

Discuss any four emerging issues in financial accounting (20 marks)

**QUESTION FOUR (20 MARKS)**

- a. Discuss the problems of accounting for changing prices and inflation. (10marks)
- b. What is the importance of the Disclosure in financial reporting? (10marks)

**QUESTION FIVE (20 MARKS)**

- a. What do you understand by Human Resource Accounting (HRA) (4 marks)
- b. What are the benefits of Human Resource Accounting (HRA) (8 marks)
- c. Discuss the limitation of Human Resource Accounting (HRA) (8 marks)