(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER

MAIN EXAM

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE:BCA 449E

COURSE TITLE:ACCOUNTING THEORY

DATE: 27TH MAY, 2022   **TIME**:9.00AM – 11.00AM

INSTRUCTIONS TO CANDIDATES

1. Answer Question One in Section A and Any other TWO (2) Questions in Section B

2.Question **one** carries **30**marks and each of the other two questions carry **20** marks each.

TIME: 2 Hours

SECTION A

QUESTION ONE

a) ``Accounting is a language`` Elucidate.

(2 marks)

b) Accounting theory has been defined by the American Accounting Association as a "cohesive set of conceptual, hypothetical and pragmatic propositions explaining and guiding the accountants'. You are required to explain its relevance.
(3 marks)

c.) Describe three methods mostly applied in the development of the accounting theory .(3 marks)

d.) Explain the objectives of a HR Accounting system.

(10 marks)

e.) `Briefly explain the iinformation that should be included in the disclosures regarding additional non-financial insights in annual accounting reports `.

(8 marks)

f.) In reference to inflation, distinguish monetary items from non-monetary items.(2marks)

g.) ``Historical Cost Accounting is the conventional accounting approach`` said Barasa, one of the facilitators in an Accounting Workshop for students. You are required to elaborate the statement.

(2 Marks)   (TOTAL 30 MARKS)

SECTION B

QUESTION TWO

a.)Critically discuss the justification for Current Cost Accounting.   (4 marks)

b.) Clearly explain the economics of financial reporting   (6 marks)

c.) A classmate pursuing ACCA examination has vehemently expressed her lack of belief in theories, specifically in regard to accounting as a dynamically practical profession. You are required bring to her attention your understanding of Accounting Theory
(2 marks)

d.)Briefly outline with examples the Four Fundamental Accounting Assumptions   (8 Marks)

(Total 20 Marks)

QUESTION THREE

a.) The Accounting Equation A=C+L is majorly informed by the Dual Aspect Principle. Illustratively justify the assertion.

(4 marks)

b.) A Private Sector Association in Kenya has send you an invitation to grace their annual business conference. You are required to prepare a brief case against human resource accounting in the contemporary corporate world

(16 marks).

QUESTION FOUR

a.) In a Corporate meeting of the Board of Directors of XYZ Ltd, an argument arose on the importance of knowing the value of the human resources within an organization. Briefly explain HR valuation techniques   **(10 marks)**

b.) In recent times, Employment Reports have become one critical part of annual statements for organizations. You are required to show its contents.   **(10marks)**

(**Total 20 Marks**)

QUESTION FIVE

a.) Describe the objectives of the Human Resource Accounting System in a corporate entity
(**10 marks)**

b.).Outline the functions of International Accounting Standards Board (IASB) (**10 Marks)**
(Total 20 Marks)