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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR**  
**FOURTH YEAR, SECOND SEMESTER EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF SCIENCE**  
**(BUSINESS ADMINISTRATION)**

Date: 9<sup>th</sup> August, 2024  
Time: 2.30pm – 4.30pm

**KAC 2405 ACCOUNTING THEORY**

**INSTRUCTIONS TO CANDIDATES**

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**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

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**QUESTION ONE (30 MARKS)**

The corporate social responsibility debate.) Abstract: The manufacturing sector accounts for approximately sixteen percent of Gross Domestic Product and fourteen percent of employment globally, but its relative size in an economy varies with the stage of development. In Kenya, a strong manufacturing base is considered the foundation upon which long-lasting economic frameworks can be made. The automotive industry is one of the most competitive industries in the manufacturing sector in Kenya today with significant contribution to the Gross Domestic Product. However, data from the Kenya Motor Industry Association has shown that performance of motor vehicles assemblers is on a decline as indicated by the fall in volume of sales reported annually.

This study sought to investigate the effect corporate reputation on performance of motor vehicle assemblers. The research variables in this study are underpinned on the resource-based view of the firm. The investigation was guided by descriptive research design. The study targeted a population comprising of employees of motor vehicle assemblers and sought to make field observations on a sample of management employees that was randomly selected using proportionate stratified sampling. Primary data for the investigation was collected using a structured questionnaire. Validity of the questionnaire was assessed and confirmed using opinion from experts and review of relevant literature.

A pilot study was carried out using fifteen employees to support the test of reliability of the questionnaire. Descriptive statistics was analyzed using frequencies, percentages, mean, standard deviation and coefficient of variation. Similarly, inferential statistics was analyzed using simple linear regression analysis. The found out that corporate reputation was found to have a statistically significant effect on performance. Practices that promote fairness, equality, diversity and dignity in the workplace should be strengthened at all levels of the firms in order to project a good image in the market place. (Adapted from Muthoni & (2020)

From the above abstract:

- a) Discuss the concept of corporate social responsibility in the Kenyan context. (2 marks)
- b) Briefly examine the four benefits that accrue to an entity as a result of engaging in CSR activities. (8 marks)
- c) Examine the six areas of concern under sustainability reporting within the Kenyan public sector platform. (12 marks)
- d) Discuss any two models adopted in corporate social responsibility accounting and reporting (4 marks)
- e) Describe two ethical considerations in sustainability reporting. (4 marks)

**QUESTION TWO (20 MARKS)**

- a) In developing new International Financial Reporting Standards, the International Accounting Standards Board (IASB) follows a well-guided procedure. Briefly describe the procedure followed in developing new IFRS. (12 marks)
- b) Discuss the criticisms advanced in regard to human resource accounting in emerging markets. (8 marks)

**QUESTION THREE (20 MARKS)**

- a) Briefly discuss five issues that are emerging in the accountancy field in both recognition and measurement as well as financial reporting. (10 marks)
- b) International Public Sector Accounting Standards 1 provides that at minimum the financial statements of a business entity must disclose their specific information on the face of their financial statements. Explain five such components. (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Discuss the three arguments advanced for a regulated accounting system. (12 marks)
- b) The day-to-day running operations of an accountant prompts the application of various assumptions. Briefly discuss any four basic assumptions of accounting. (8 marks)

**QUESTION FIVE (20 MARKS)**

- a) Discuss four practical applications of substance over form in the contemporary business transactions. (8 marks)
- b) Examine the qualitative characteristics of accounting information. (12 marks)