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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR**  
**FOURTH YEAR, SECOND SEMESTER EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF SCIENCE**  
**(BUSINESS ADMINISTRATION)**

Date: 17<sup>th</sup> April, 2023  
Time: 2.30pm –4.30pm

**KAC 405 - 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)**

There is a renewed impetus in the International Accounting Standards Board (IASB) and the International Public Sector Accounting Standards Board (IPSASB) to develop a conceptual framework for financial reporting for both private sector and public-benefit entities. This article takes stock of some of the key issues related to this endeavour with particular emphasis on what the objectives should be and whether it is possible to have one conceptual framework for all entities.

Adopted from the abstract by Laughlin, R. (2008). A conceptual framework for accounting for public-benefit entities. Public Money and Management, 28(4), 247-254.

Based on the above extract;

- a) Briefly discuss four new approaches to accounting theory. (12 marks)
- b) Define the term a conceptual framework. (2 marks)
- c) Examine three main areas identified in respect to the scope of corporate social responsibility. (6 marks)
- d) Discuss the primary qualitative characteristics of accounting information to the wider stakeholder variety. (10 marks)

### **QUESTION TWO (20 MARKS)**

- a) Researchers in the finance field support the need for a regulated accounting system while others are of the contrary opinion. Clearly demonstrate the four arguments advanced for a regulated accounting system. (8 marks)
- b) The matching principle, disclosure principle, periodicity principle and historical cost principle are key areas of concern in recognition and measurement aspects in the accounting profession. Briefly discuss them. (12 marks)

### **QUESTION THREE (20 MARKS)**

- a) Discuss four ethical considerations in the accountancy profession. (8 marks)
- b) Accounting field just like all other fields of study is confronted with emerging issues that require continuous research and development for improvement and remain relevant in the industry. Explain six emerging issues in this field in the 21<sup>st</sup> century. (12 marks)

### **QUESTION FOUR (20 MARKS)**

- a) Analyze four basic assumptions of accountants during their day to day duties and responsibilities. (14 marks)
- b) Discuss the concept of substance over form in accounting. (6 marks)

### **QUESTION FIVE (20 MARKS)**

- a) Examine the various areas of concern captured under human resource accounting. (10 marks)
- b) IPSAS 1 identifies the various financial statements with their specific components. Explain five such components. (10 marks)