

**W1-2-6-1-6**

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

# **UNIVERSITY EXAMINATIONS 2014/2015**

**THIRD YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE**

**HBA 2303 : FINANCIAL ACCOUNTING THEORY**

**DATE: AUGUST 2015 TIME: 2 HOURS**

**INSTRUCTIONS:**

**ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE [COMPULSORY][30 MARKS]**

1. Each profession is guided by ethical and regulatory principles and accounting is not an exception. With regard to the statement,
2. Define ethics [2 marks]
3. Enumerate four major ethical principles as prescribed by the accounting profession [8 marks]
4. Discuss the argument for and against regulation of accounting profession [10 marks]
5. International accounting standards (IAS) only serve the elite professional in the field of accounting in the world. Discuss. [10 marks]

**QUESTION TWO [20 MARKS]**

1. The accounting profession has a long time relied on accounting convention to guide the profession, yet the application of convention has been the same to ………..of high quality and relevance of information contained in financial report some of the these include…..????
2. The business entity
3. The historical principle
4. The monetary principle
5. The matching principle
6. The conservation principle

Required.

For each principle above

1. Explain its meaning [10 marks]
2. Justify its use [5 marks]
3. Explain one weakness in its use [5 marks]

**QUESTION THREE [20 MARKS]**

1. Discuss the following theories as used in explaining accounting regulations
2. Public interest theory
3. Capture theory
4. Economic interest group theory [12 marks]
5. Highlight any four reasons for learning accounting framework for accounting students [8 marks]

**QUESTION FOUR [20 MARKS]**

1. State five functions of ICPAC as outlined in the accountant Act Cap 531 [10 marks]
2. Discuss any two new approaches in formulation of accounting standards. [10 marks]