



MACHAKOS UNIVERSITY

University Examinations for 2011/2022 Academic Year

SCHOOL OF BUSINESS, ECONOMICS AND HOSPITALITY MANAGEMENT.

DEPARTMENT OF BUSINESS ADMINISTRATION AND FINANCE

**FOURTH YEAR SECOND SEMESTER EXAMINATION FOR
BACHELOR OF ENVIRONMENTAL RESOURCE CONSERVATION.**

ERC 405: ENVIRONMENTAL RESOURCES ACCOUNTING

DATE:

TIME:

INSTRUCTIONS

Answer question ONE and any other TWO questions

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Explain the following terminologies as used in environmental accounting (6 marks)
- (i) Natural assets
 - (ii) Environmental assets
 - (iii) Environmental liability
- b) Discuss the salient features of the following two accounts in the integrated framework for environmental activity accounts. the discussion should be limited to the scope, variables, valuation rules and classification for each : (10 marks)
- (i) Environmental goods and services sector accounts. (EGSS)
 - (ii) Environmental protection and expenditure accounts.(EPEA)
- c) Distinguish between SEEA central framework and the system of national accounts with respect to:-
- (i) Physical flows and monetary flows (3 marks)
 - (ii) Stocks and flows of assets (3 marks)
- d) State five challenges of environmental reporting (5 marks)

- e) In the framework for environmental reporting there are proposed elements of a complete documentation. State six elements, which should be included in, accounting for use and management of wastes (3 marks)

QUESTION TWO (20 MARKS)

- a) Environmental reporting has two fundamental functions classified into internal functions and external functions. Explain the functions under each category (5 marks)
- b) What are hybrid flow accounts. (3 marks)
- c) State the recommended information that should be included in environmental reporting with respect to CEO statement (6 marks)
- d) Every type of corporate report is based on some fundamental assumptions. Explain the following assumptions that relate to environmental reports (6 marks)
- i) Precautionary principle
 - ii) The materiality principle
 - iii) Going concern principle
 - iv) Accrual principle

QUESTION THREE (20 MARKS)

- a) Start mcChery (2000) observes that number of issues have been brought to society's attention in recent past. State six of these issues. (6 marks)
- b) Discuss the four basic approaches to environmental accounting as described by the system of environmental and economic accounts 2003 (SEEA 2003) (8 marks)
- c) Reliable information is the one in which the users can assess the degree of confidence to be put on their use .State and explain the three characteristic that accounting information must possess for it to be reliable (6 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss environmental accounting with the following disciplines (8 marks)
- (i) Natural resource accounting
 - (ii) Ecological accounting
 - (iii) Environmental cost accounting

(iv) Environmental management accounting

- b) Explain the merits of environmental reporting to the company (6 marks)
- c) State three items covered in the system of national accounts (3 marks)
- d) What are hybrid flow accounts (3 marks)

QUESTION FIVE (20 MARKS)

- a) Explain any four users of corporate environmental information clearly showing how each user benefits from such information. (8 marks)
- b) The central framework is an international statistical standard for measuring the environment and its relationship with the economy. State and (6 marks)
- c) Discuss the four basic approaches to environmental accounting as described by the system of environmental and economic accounts 2003 (SEEA 2003). (8 marks)