MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

………… YEAR FIRST SEMESTER EXAMINATION FOR

PHD IN BUSINESS

BAC 900: ACCOUNTING THEORY

DATE: **TIME:**

INSTRUCTIONS:

1. Answer Question One and any other Three questions
2. Give relevant examples to support your answers

QUESTION ONE

a) "The twentieth century accounting theorists were preoccupied with constructing accounting principles. Their primary concern was on recognition and measurement of accounting issues"

Required: In the light of the above statement, discuss the key issues advanced by at least five (5) of the Normative theorists. **(15 Marks)**

b) Discuss how the industrial revolution in England the evolution of Accounting**.** **(10 Marks)**

QUESTION TWO

a) Identify and discuss the essential elements of financial statements **(14 Marks)**

b) Discuss the main features of Paton's entity theory. **(6 Marks)**

c) Show how the features in **(b)** above can be applied in an accounting study. **(5 Marks)**

QUESTION THREE

a) Summarize the developments of accounting principles and relate them to practice**. (9 marks)**

b) "The preparation of the Statement of Comprehensive Income is guided by the relevant theories in determining income."

Required: Identify and discuss the requirements of Four (4) of the accounting perspectives. (16 **Marks**)

QUESTION FOUR

a) "The Accounting discipline has existed as long as man has lived."

Required: On the strength of the above statement, discuss the statement basing your argument on the role of accounting to society. **(15 Marks)**

b) Contrast the work of Luca Pacioli with the work of Benedikt Kotruljevic. **(10 Marks)**

QUESTION FIVE

a) Compare and contrast deductive reasoning and inductive reasoning in accounting theory. **(16 Marks)**

b) Explain how financial transactions can be stated in terms of the resulting changes in the basic elements of the accounting equation. **(9 Marks)**