



KENYATTA UNIVERSITY
UNIVERSITY EXAMINATIONS 2017/2018
DIGITAL SCHOOL OF VIRTUAL AND OPEN LEARNING
SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF
COMMERCE
BAC 405: ACCOUNTING THEORY

DATE: MONDAY 18TH JUNE 2018

TIME: 8.00 A.M. – 10.00 A.M.

INSTRUCTIONS

Answer ALL the questions

Question One

- a) Using two business examples either locally or globally discuss how accountants have breached the code of ethics. (10 mark)
- b) You are a trainee accountant in your second year of training within a small practice. A more senior trainee has been on sick leave, and you are due to go on study leave. You have been told by your manager that, before you go on leave, you must complete some complicated reconciliation work. The deadline suggested appears unrealistic, given the complexity of the work.

You feel that you are not sufficiently experienced to complete the work alone. You would need additional supervision to complete it to the required standard, and your manager appears unable to offer the necessary support. If you try to complete the work within the proposed timeframe but fail to meet the expected quality, you could face repercussions on your return from study leave. You feel slightly intimidated by your manager, and also feel pressure to do what you can for the practice in what are challenging times.

Required

Highlight the fundamental issues of integrity, objectivity, professional competence, confidentiality and professional behaviour raised in the above case. (20 marks)

(Total 30 marks)

Question Two

- a) What do you understand by the term environmental accounting? (5 marks)
- b) Explain the advantages and disadvantages of environmental accounting (10 marks)

Question Three

Discuss the pros and cons of adopting international accounting standards for SME's for a developing country like Kenya (15 marks)

Question Four

Briefly discuss five limitations of financial reports which affect the value of the reports (10 marks)