



MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

UNIVERSITY ORDINARY EXAMINATION

2021/2022 ACADEMIC YEAR

**THIRD YEAR FIRST SEMESTER EXAMINATION FOR, BACHELOR OF
COMMERCE**

BCA 302– PUBLIC SECTOR ACCOUNTING

DURATION: 2 HOURS

Instructions to candidates:

1. Answer question One and Any Other Two questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION

QUESTION ONE (30 MARKS)

- a) State four advantages of Accrual based Accounting. (4Marks)
- b) Differentiate between public sector and private sector accounting. (6Marks)
- c) Highlight the benefits of applying IPSAS in the preparation of financial statements.(3Marks)
- d) Explain eight users government of accounting information both internally and externally. (8Marks)
- e) The following data has been extracted from National Treasury for the year ended June 2019.

	Shs '000'
Personnel emoluments	2,000,000
Consolidated Revenue fund charges	1,000,000
Statutory Revenue Allocation	20,000,000
Proceeds from sale of fixed Assets	100,000
Purchase of marketable securities	50,000
Purchase and construction of fixed Assets	500,000
Share of value of added tax	200,000
Share of excess crude oil	100,000
Internally generated Revenue	10,000,000
Gratuities and pensions	15,000,000
Miscellaneous expenses	50,000
Overhead expenses	30,000
Recurrent grants made	20,000
Miscellaneous expenses	10,000
Servicing and repayment of public debts	100,000
Grants and subventions	200,000
Proceeds from loan	300,000
Dividends received	100,000

Prepare states cash flow statement for the year ended 30th June 2019. (9Marks)

SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION**QUESTION TWO (20 MARKS)**

The following balances were extracted from the books of state government as at 30th June 2020.

Year 2019		Year 2020
Shs ‘000’		Shs ‘000’
644,997	Statutory Allocation	4,841,017
119,102	VAT collection	160,133
403,020	Internally Generated Revenue	498,843
58,256	Other Revenue	79,397
490,110	Personnel cost	1,170,666
280,095	Overhead cost	739,646
137,081	Consolidated Revenue charges	382,936
246,400	Other capital Receipts	379,237
394,969	Capital Expenditure	2,753,553
591	Other fund deposits	591
28,288	Cash at bank	69,604
67,799	Deposit with Banks	740,352
62,772	Investments	27,987
11,252	Advanced cash	74,474

Additional information:

The following amounts expended on internal debt servicing have been included in consolidated Revenue. Fund charges

	Shs '000'
2019	36,970
2020	45,364

Any surplus/Deficit on Revenue Account is transferred to the capital Account as appropriate.

- a) Recurrent and capital Accounts
- b) Statement of Assets and Liabilities for the year ended 30th June.

(20Marks)

QUESTION THREE (20 MARKS)

- a) Under what circumstances may a fund account be maintained in the government accounting.
(5Marks)
- b) The following balances were found in the National Treasury for the period ended 30th June 2020
 - i. Sale of government shares 400,000
 - ii. Road construction 600,000
 - iii. Internal loan 350,000
 - iv. External loan 200,000
 - v. Transfer from consolidated Revenue fund 500,000
 - vi. External grants 500,000
 - vii. Engineering infrastructure 300,000
 - viii. Bal b/f 300,000
 - ix. Water supply 200,000
 - x. Agriculture 150,000

Prepare a fund account.

(15Marks)

QUESTION FOUR (20 MARKS)

The following is the summarized statement of financial position of government entity as at 30th June 2019 and 2020

	2020	2019
	Ksh '000'	Ksh '000'
Current Assets		
Cash and Cash equivalent	41,000	18,000
Receivables from exchange transactions	9,000	3,000
Receivable from non-exchange transactions	70,000	65,000
Inventories	68,000	64,000
Investments	0	20,000
	188,000	170,000
Non-Current Assets	Shs '000'	Shs '000'
Property, Plant & Equipment	454,500	430,200
Total Assets	642,500	600,200
Current Liabilities		
Trade and other payables	72,000	64,000
Net Assets	<u>570,500</u>	<u>536,200</u>
Accumulated Surplus	33,000	29,200
Capital fund	537,500	<u>507,000</u>
	<u>570,500</u>	<u>536,200</u>

Prepare a cash flow statement for the entity.

(20Marks)