



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF COMMERCE**

COURSE CODE: HBA 2304

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE:

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer THREE (3) questions

MRUC observes ZERO tolerance to examination irregularities

This Paper Consists of 3 Printed Pages. Please Turn Over.

QUESTION ONE:

- a) Explain FIVE main objectives of public sector accounting (10 marks)
- b) The ministry of commerce and Industry had the following estimated revenues to collect during the financial year ended 30th June, 2013:

	Ksh
Hotel and Restaurants licenses	900,000
Cattle traders licenses	1,000,000
Licenses under trade Licensing act	765,000
Liquor Licenses	500,000
Professional Licenses	75,000
Licenses for registration of companies	320,000

During the year, and prior to the issue of any licenses, it was found necessary to suspend the issue of liquor licenses and professional licenses. The receiver of revenue further found out that more people were interested in scrap metal business. The treasury authorized the receiver of revenue to open a new head for scrap metal licenses with an estimated collection of sh955,000.

At the close of the financial year, the receiver of revenue had collected the following amounts:

Hotel and Restaurants licenses	1,131,000
Cattle traders licenses	2,261,250
Licenses under trade Licensing act	705,000
Liquor Licenses	-
scrap metal licenses	1,117,500
Professional Licenses	-
Licenses for registration of companies	255,000

The following additional information is provided:

- i. The ministry had a balance of sh33, 750 at the beginning of the financial year
- ii. An amount of sh335, 000 in respect of scrap metal licenses was still in the hands of agents as at 30th June, 2013.
- iii. A sum of sh 8,750 was due to the exchequer at the end of the year.

Prepare: A statement of assets and liabilities for the year ended 30th June, 2013 (8 marks)

A statement of revenue for the year ended 30th June, 2013 (12 marks)

QUESTION TWO:

- a) Explain the importance of the International Public sector accounting standards.(10 marks)
- b) Present a description and provisions of any **ONE** International Public sector accounting standard, IPSAS. (3 marks)

- c) The independence of the internal audit in a public sector organization is considered to be essential to its effectiveness. In this context;
- i. Explain, with illustration(s), the meaning of Independence. (3 marks)
 - ii. Give Two examples of circumstances that may impair this independence(4 marks)

QUESTION THREE:

- a) Explain SIX functions of the treasury to other government departments. (6 marks)
- b) The approved estimates and actual details of ministry of sports and gender services for year 2014/15 were as follows: (*Figures in Kenya shillings*)

Gross estimated expenditure	720,000
Estimated Appropriation-in- Aid	90,000
Drawings from the ex- chequer	450,000
Gross expenditure	520,000
Actual Appropriation-in- Aid	120,000

Required:

General Account of Vote	(3 marks)
The exchequer Account	(2 marks)
Paymaster General Account	(3 marks)
Statement of assets and liabilities ass at 30 th June, 2015	(6 marks)

QUESTION FOUR:

- a) Write short notes on the following:

Trust fund	(2 marks)
Sinking fund	(2 marks)
Revolving fund	(2 marks)
Capital project fund	(2 marks)
Consolidated fund	(2 marks)

- b) Public sector accounting is a sensitive undertaking which is always in the national limelight. Describe FIVE contemporary issues surrounding Public sector accounting in Kenya today. (10 marks)