



# **MURANGA UNIVERSITY COLLEGE**

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

**MAIN CAMPUS**

**SUPPLEMENTARY 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: 30<sup>TH</sup> JUNE, 2016**

**TIME: 2 HOURS**

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## **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:**

Explain the main provisions of the state corporations act (cap 446, laws of Kenya) with respect to annual accounts of public corporations (10 marks)

- a) Explain the contemporary issues which an accountant working in the public sector must be aware of in the conduct of his duties in Kenya today (10 marks)
- b) You have been supplied with the above information:  
Vote Head: 011 Ministry of Public works AIE number-222-35;  
Allocation=Ksh100,000

**December, 2013**

Dec 10: Ordered for iron sheets and cement from Tom& co. Sh. 25,000 (LPO 5213)  
Dec 16: Paid Sh3, 000 for a lorry hire to transport cement

**January, 2014**

Jan 10: Paid Tom and Co. Sh. 15,000 being part payment for goods ordered (PV 358)  
Jan 15: Bought timber from A.B & Co Sh. 5,000(P.V 359)  
Jan 20: Issued LPO 5214 to Patel & sons for windows and doors Sh. 20,000  
Jan 25: Paid Sh. 7,000 as part payment to Patel & sons (P.V 360)

**Required:** A vote book page from the following information provided above. (10 marks)

**QUESTION TWO:**

The Nairobi county council’s general fund trial balance as at 1<sup>st</sup> July, 2014 was as follows:

	Ksh	Ksh
Cash	225,000	
Savings Account	80,000	
Property taxes receivable	122,500	
Investments in Treasury bills	100,000	
Accounts payable		52,700
Wages payable		19,200
Fund balance		455,600
	<b>527,500</b>	<b>527,500</b>

The following data summarizes operations for the fiscal year ended 30<sup>th</sup> June, 2015:

Estimated Revenues	2,180,000
Estimated appropriations	2,115,000
Actual Revenue from property tax levy	1,450,000
Actual Cash received from property taxes	1,460,000
Other Revenues received (Actual)	760,000
Expenditure on payroll	1,150,000
Expenditure encumbered and evidenced by LPO’s	1,210,000
Liquidation of encumbrance vouchers for order billings	1,050,000

Cash disbursed for vouchers	1,065,000
Cash disbursed for payment of wages	1,155,800
Cash disbursed for savings account	40,000

Required:

Open the necessary accounts to post the above information (12 marks)

A balance sheet as at 30<sup>th</sup> June, 2015 (8 marks)

**QUESTION THREE:**

a) Parliament plays a watchdog role over the utilization of public resources. Explain in brief, the roles of the following parliamentary subcommittees including their respective mandate.

i. Public Accounts Committee (5 marks)

ii. Public Investment Committee (5 marks)

b) Explain FIVE administrative and accounting control measures used to achieve the budgeted level of expenditure by government ministries. (10 marks)

**QUESTION FOUR:**

a) 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. (4 marks)

ii. Give Two examples of circumstances that may impair this independence(4 marks)

b) Briefly explain the following accounting techniques, as used in the public sector. Give an illustration on their use.

i. Commitment accounting (3 marks)

ii. Accrual Accounting (3 marks)

iii. Cash Accounting (3 marks)

iv. Budgetary Accounting (3 marks)