



MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

UNIVERSITY ORDINARY EXAMINATION

2017/2018 ACADEMIC YEAR

**THIRD YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF
BACHELOR OF COMMERCE.**

BCA 302 – PUBLIC SECTOR ACCOUNTING

DURATION: 2 HOURS

DATE: 18TH DECEMBER, 2017

TIME: 2.00- 4.00 P.M.

Instructions to Candidates:

1. Answer **Question 1** 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 ONE - COMPULSORY

QUESTION ONE

- (a) The International public sector accounting standards Board has the mandate to issue International Public Sector accounting standards. Explain four objectives of the board. (8 marks)
- (b) Provide an analysis of four users of public sector accounts and the specific information that they require from the public sector accounts in order to achieve their mandate. (8 marks)
- (c) Compare budgetary accounting and commitment accounting methods as used in Public sector accounting specifically, Provide one comparison in each case for:
- The objective and
 - Concept basis for each of the methods. (4 marks)
- (d) Provide a brief description of the following. In each case bring out the purpose of each of the items in Public sector Accounting.
- General Account of Vote. (3 marks)
 - Paymaster General. (2 marks)
 - The Exchequer Account. (3 marks)
 - The Appropriation – in- Aid. (2 marks)

SECTION TWO – ANSWER ANY TWO

QUESTION TWO

- a) The following balances are extracted from the books of the Jamhuri Social Security fund for the year ended 31/06/2014.

	Dr. Kshs “000”	Cr. Kshs “000”
Member’s Contribution		800,000
Investment in treasury bills	600,000	
Investment in unit trust	1,200,000	
Share held in quoted Companies	200,000	
Interest from treasury bills		80,000
Dividends received from shares		40,000

Interest received from unit trust		280,000
Fund Account (1 st July, 2013)		1,800,000
Cash at bank	350,000	
Pensions paid to members	500,000	
Management expenses	50,000	
Legal and Audit fees	100,000	
	<u>3,000,000</u>	<u>3,000,000</u>

Required.

- i. Income and Expenditure Account. (5 marks)
 - ii. Statement of net Assets. (5 marks)
- (b) Public sector accounts aims at enhancing financial viability of a public sector organization as well as enhance fiscal compliance:
- i. Explain the meaning of the term Financial Viability and Fiscal Compliance in the context of Public Sector organizations. (4 marks)
 - ii. Explain three examples in each case that illustrate the need for Viability and Compliance. (6 marks)

QUESTION THREE.

- (a) The approved estimates and actual expenditure for a Kimbo level 3 hospital, a government health care unit has been summarized as follows:

	Sh. "000"
Gross estimated salaries & wages	80,000
Gross estimated and approved capital expenditures	300,000
Estimated Administrative expenses	50,000
Estimated cost of drugs and medical equipment	250,000
Actual Appropriation in Aids	30,000
<u>Actual Expenditure:</u>	
Salaries & wages	90,000
Capital projects - (Construction of water tanks)	150,000

- Construction of fence	250,000
Drawings from Exchequer	500,000

Required.

- i. Prepare:
 - i. The General Account of Vote. (2marks)
 - ii. Exchequer account (2 marks)
 - iii. Pay Master General account (2 marks)
 - ii. Show an extract of Kimbo level 3 hospital's stamen of Assets and liabilities.
- (b) Explain the following terms as used in Public Sector Accounting.
- i. Appropriation in Aid (A.I.A) (3 marks)
 - ii. Authority to incur expenditure (A.I.E) (2 marks)
 - iii. Cash accounting. (2 marks)
 - iv. Accrual Accounting. (3 marks)

QUESTION FOUR

- (a) The ministry of Industrialization and Enterprises development had the following estimated revenues to collect during the year ended 30/6/2013.

	Estimated "Shs"	Actual "Shs"
Licenses (Hotel and Restaurants)	900,000	1,131,250
Cattle trader licenses	1,000,000	2,261,250
Licenses under trade licensing act.	765,000	705,000
Liquor licenses	500,000	-
Professional licenses	75,000	-
Licenses for registration of Insurance Co's	320,000	255,000
Scrap metal licenses	-	1,117,500

Additional information:

- 1) The ministry had a balance of Shs. 33,750 at the beginning of the year.
- 2) Shs 335,000 in respect of scrap metal was still the hands of agents as at 30th June 2013.
- 3) A sum of Shs. 8,750 was due to the exchequer at end of the year.

Required:

- i. A statement of Assets and Liabilities for ye year ended 30/6/2013. (6 marks)
 - ii A statement of Revenue for the year. (11 marks)
- (b) Explain the following terms in the contest of Public Sector Accounting.
- i. Encumbrances. (1 marks)
 - ii. Sinking fund. (1 marks)
 - iii. Vote book. (1 marks)