



MURANGA UNIVERSITY COLLEGE

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

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER EXAMINATIONS

MASTER OF PUBLIC ADMINISTRATION

COURSE CODE: BCP 4211

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE: 14TH DECEMBER, 2015

TIME: 3 Hours

INSTRUCTIONS TO CANDIDATES

Answer any Four Questions

All workings **MUST** be clearly shown

MRUC observes **ZERO** tolerance to examination irregularities

QUESTION ONE

The following are extracts from the trial balance for revenue head No. 180 – 240, Airport revenue collection for the year ended 30th June 2008:

Code	Details	Dr(Kshs)	Cr (Kshs)
630	Renting building and equipment		807,456
631	Rent from land	3,796,205	
651	Aviation landing fee	3,542,221	
652	Airport passenger tax	3,991,029	
670	Other airport receipts	798,144	
	Payment of revenue to exchequer	13,288,687	

The following additional details are made available:

- i) Balance in hand at 30th June 2007 Kshs2, 568,242.
- ii) Bal 2,214,610 in bank
160 in hand
- iii) Estimated receipts for the year:

CODE	AMOUNT
630	Kshs1,000,000
631	Kshs2,500,000
651	Kshs3,000,000
652	Kshs3,600,000
670	Kshs1,100,000

Required:

- a) A statement of revenue for the year ended 30th June 2008 **(10 marks)**
 - b) Give appropriate footnotes for material differences between estimates and the actual receipts. **(5 marks)**
- (Total: 15 marks)**

QUESTION TWO

The following information relates to a governmental unit for the fiscal year 2006/07.

Gross estimates:	Kshs720,000
Appropriation-In-Aid estimated:	Kshs90,000
Drawings from the exchequer	Kshs450,000
Actual gross expenditure	Kshs520000
Actual appropriation-in-aid	Kshs120,000

Required:

- a) Prepare the following accounts: **3 Marks each**
 - i) General Account of vote (GAV)
 - ii) Exchequer A/C
 - iii) PMG A/C
- b) Statement of assets and liabilities as at 30 June 2007.

(6 Marks)
(Total: 15 marks)

QUESTION THREE

- (a) Distinguish between Commitment Accounting and Fund Accounting in relation to Public Sector Accounting. (7 marks)
- (b) The Appropriation Account of the Government of the Republic of Kenya for 1992/1993 presented to Parliament in January 1994 included the following accounts for the Provincial Hospitals managed by the Ministry of Health.

Estimated 20122/2013

	Gross Expenditure	Income	Net Expenditure
Current Expenditure/Income	25,401,000	880,000	24,521,000
Other direct costs	357,000	-	357,000
Capital Expenditure	<u>1,012,000</u>	-	<u>1,012,000</u>
	<u>26,770,000</u>	<u>880,000</u>	<u>25,890,000</u>

Actual 1992/93

	Gross Expenditure	Income	Net Expenditure
Current Expenditure/Income	26,593,1465	920,951	25,672,194
Other direct costs	334,692	-	334,692
Capital Expenditure	<u>1,082,683</u>	-	<u>1,012,000</u>
	<u>28,010,520</u>	<u>920,951</u>	<u>27,089,569</u>

These accounts were audited by the Controller and Auditor General who issued a clean certificate of findings.

Required

Discuss the usefulness of these published accounts from the point of view of:

- (i) A Member of Parliament. (2 marks)
- (ii) A taxpayer. (2 marks)
- (iii) A patient of one of the hospitals. (2 marks)
- (iv) A creditor to one of the hospitals. (2 marks)

(Total: 15 marks)

QUESTION FOUR

The Murang'a fiscal period ends on 30th June. The trial balance of the general fund as on 1 July 2014 was as follows:

	Dr £	Cr £
Cash Balance	12,600	
Savings A/C	66,800	
Property tax receivable	480,000	
Accounts payable		7,300
Wages payable		4,450
Fund balance	<u>560,000</u>	<u>548,250</u>
	<u>560,000</u>	<u>560,000</u>

The operations for the year ended 30th June 2015 are summarised as follows:

- i) Estimated revenues: £2,400,000; Appropriations: £2,350,000
- ii) Revenues from property taxes levy: £1,925,500
- iii) Cash received from property taxes: £2,005,600; and other revenues: £485,700
- iv) Expenditures encumbered and evidenced by purchase orders: £1,760,000
- v) Liquidation of encumbrances and vouchers prepared for purchase order billings: £1,755,000.
- vi) Expenditure for payroll £602,000
- vii) Cash disbursed for vouchers: £1,740,000
Cash for payment of wages: £598,000
Cash transferred to savings A/C: £150,000.

Required:

- a) Open the ordinary "T" accounts for the accounts appearing in the trial balance and enter the balances as at 1 July 2014. **(3 marks)**
 - b) Open "T" accounts for: Fund balance reserves for encumbrances **1 mark each**
 - i. Estimated revenues
 - ii. Revenues
 - iii. Appropriations
 - iv. Expenditure
 - v. Encumbrances
 - c) Prepare journal entries to post the foregoing summarised operations. **(3 marks)**
 - d) Post the entries recorded in (c) above into the accounts.
 - e) Prepare a balance sheet as at 30th June 2014. **(3marks)**
- (Total: 15 marks)**

QUESTION FIVE

- a) The independence of Internal Audit in a public sector organisation is considered to be essential to its effectiveness. **(7.5 marks)**
 - b) Explain what is meant by independence in this context and give examples of circumstances which might impair independence. **(7.5 Marks)**
- (Total: 15 marks)**

QUESTION SIX

- a) Explain the main functions of an annual Budget for a public sector organisation with which you are familiar. **(8 Marks)**
 - b) Discuss the role of the Controller and Auditor General in the Public Sector. **(7Marks)**
- (Total: 15 marks)**