

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**SECOND YEAR EXAMINATION FOR THE AWARD OF DIPLOMA
IN ACCOUNTING**

DIAC 0224: PUBLIC SECTOR ACCOUNTING**STREAMS: DIAC (Y2S1)****TIME: 2 HOURS****DAY/DATE: TUESDAY 11/04/2023****8.30 A.M. – 10.30 A.M.****INSTRUCTIONS: Answer question ONE and any other TWO questions****QUESTION ONE**

- (a) Discuss the five functions of officer controlling expenditure [10 marks]
- (b) The ministry of Trade and industry had the following estimated revenues to collect during the financial year ended 30 June 2020

	Shs
Hotel and restaurant licenses	800,000
Cattle trade licenses	900,000
Licenses under trade licensing act	565,000
Liquor licenses	400,000
Professional licenses	85,000
Licenses for registration of insurance companies	420,000

During the year and prior to any issue of license, 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 of scrap metal licenses with an estimated collection of sh. 800,000. At the close of the financial year, the receiver of revenue had collected the following amounts

DIAC 0224

	Shs
Hotel and restaurant licenses	1,231,500
Cattle traders licenses	1,362,250
Licenses under trade licensing act	605,000
Liquor licenses	-
Professional licenses	-
Registration of insurance companies	355,000
Scrap metal licenses	1,115,500

The receiver of revenue had provided the following additional information:

- (i) The ministry had a balance of shs. 33,000 at the beginning of the financial year
 - (ii) An amount of shs.330,000 in respect of scrap metal license was still in the hands of the agents as at 30 June 2020
 - (iii) A sum of shs 9,000 was due to the exchequer at the end of the year
- (I) A statement of assets and liabilities for the year ended 30 June 2020 [10 marks]
- (II) A statement of revenue for the year ended 30 June 2020 [10 marks]

QUESTION TWO

- (a) Explain the difference between accrual and commitment basis of accounting. [6 marks]
- (b) Discuss the role of public accounts committee in public sector accounting [5 marks]
 - (i) A new government receives the following taxes and loans in a financial year
 - Property taxes Kshs. 2.5 billion
 - Paye Kshs. 3.5 billion
 - VAT Kshs. 16 billion
 - Chinese loan Kshs. 4 billion
 - (ii) The following transfers were made in the year
 - Kshs 5 billion to development fund
 - Kshs. 2 billion to recurrent revenue account and paid of kshs. 1.9 billion as salaries
 - Kshs. 11 billion was appropriated to government ministries
 - Kshs. 10.5 billion were transferred to ministries which spend kshs. 9 billion
 - The ministries had raised kshs. 900 million as appropriation in aid
 - Kshs 2.8 billion was used in development projects

DIAC 0224

Required:

- (i) The consolidated account, development account, recurrent revenue and expenditure statement. [9 marks]
- (ii) Ministry and government statement of assets and liabilities. [5 marks]

QUESTION THREE

- (a) The following transactions was recorded in Nairobi at the ministry of energy

1/10/2020 – Authorized appropriation kshs 2,000,000

2/10/2020 – Paid kshs 35,000 to Joy Masters for purchase of brooms on payment voucher No. 001

3/10/2020 – Placed L.P.O No. 001 to Watamu stores for detergents worthy kshs.55,000

4/10/2020 – Paid the contracted cleaning company Joy masters kshs. 110,000

5/10/2020 – Paid Watamu stores

6/10/2020 – Issued LPO for purchase of fungicides from Kathwana Agrovet for kshs. 39,599

Note the head/subhead for cleaning is 504/02

Required: Prepare a vote book. [10 marks]

- (b) Explain the revenue controls applied in county governments in Kenya. [10 marks]

QUESTION FOUR

- (a) The approval estimates and actual expenditures details of the ministry of foreign affairs for the financial year ended 30th June 2018 were as follows

	Approved estimates	Actual expenditure
Personal enrolments	145,900,000	116,000,000
House allowance	22,400,000	16,100,000
Passage and leave	40,200,000	39,700,000
Trading and accommodation	1,700,000	1,900,000
Postage and telephone expenses	4,500,000	4,900,000
General expenses	19,900,000	19,000,000
Training expenses	7,000,000	6,000,000
Purchase and equipment	25,000,000	47,000,000
Appropriation in Aid	1,200,000	1,100,000

DIAC 0224

The ministry made four equal withdrawals from the exchequer in July 2017, October 2017, January 2018 and May 2018. In total the ministry had withdrawn kshs 300,000,000 by the end of the financial year.

Required:

- (i) The general account of vote [3 marks]
 - (ii) The exchequer account [3 marks]
 - (iii) The paymaster general account [3 marks]
 - (iv) The statement of assets and liabilities as at 30th June 2018 [3 marks]
- (b) Discuss the differences between public and private sector accounting [10 marks]
-