

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS RESIT/SPECIAL EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 312: PUBLIC SECTOR ACCOUNTING

STREAMS:

TIME: 2 HOURS

DAY/DATE: THURSDAY 26/07/2018

8.30 A.M - 10.30 A.M

INSTRUCTION:

- **Answer question one and two others**

1. (a) Explain four characteristics that distinguish government entities from business organizations. [8marks]

(b) The approval estimates and actual expenditures details of the ministry of interior for the financial year ended 30th June 2008 were as follows.

	Approved estimates	Actual expenditure
Personal enrolments	147,936,000	117,024,000
House allowance	23,460,000	17,112,000
Passage and leave	40,248,000	800,400
Trading and accommodation	1,600,800	1,987,200
Postage and telephone expenses	5,520,000	3,974,400
Miscellaneous charge	20,976,000	20,258,400
Training expenses	7,176,000	5,685,600
Purchase and equipment	25,200,000	47,760,000
Appropriation in aid	1,200,000	6,672,000

The ministry made four equal withdrawals from the exchequer in July 2007, October 2007, January 2008 and may 2008. In total the ministry had withdrawn ksh 240,000,000 by the end of the financial year.

Required :

The general account of vote

The exchequer account

The paymaster general account

The statement of assets of liabilities as at 30th June 2008. [12marks]

(c) Explain four major objectives of public sector accounting. [10marks]

2. (a) The following transactions were recorded in Nairobi at the ministry of foreign affairs in relation to cleaning.

1/10/2010= - Authorized appropriation ksh 500,000

2/10/2010 – paid ksh 30,000 for purchase of brooms on payment voucher no.001.

3/10/2010 – placed L.P.O no. 001 to Nakumatt stores for detergents worthy ksh 50,000

4/10/2010 – paid the contracted cleaning company clean master ksh 100,000 on payment voucher no.802.

5/10/2010 – paid nakumatt stores under payments voucher no. 003

6/10/2010 – issued LPO no. 002 for purchase of fungicides from kamwea grovet for ksh 30,000

Note the head/subhead for cleaning is 504/02.

Required :

(a) prepare a vote book. [10marks]

(b) Discuss the role of public accounts committee in public sector accounting. [10marks]

3. (a) Postal limited purchased a machine for ksh 30 million on 1st January 2002 and receive a grant of ksh 5 million from the government against the purchase of the machine. The machine was expected to have a useful life of four years and a nil residual value at the end of its expected life. The straight line method of depression is used by the company. The profit before depreciation was ksh 25 million in each of the four years.

Required :

A balance sheet to show the company may account for the grant from government.

[6marks]

(b) Distinguish between commitment accounting and fraud accounting in relation to public sector . [4marks]

(c) Discuss the role of the controller and auditor general . [10marks]

4. (a) Explain the four challenges likely to be faced by a public entity in the adoption of international public sector accounting standards (IPSAS) [8marks]

(b) The following details were extracted from the books of a receiver of revenue for the year 2008/2009.

Estimated

Receipts actual receipts

Ksh 'million' ksh million'

Income tax from individual 80 16079 500

Tax on 2nd hand vehicle 2521

Income tax from corporations 79 90079 000

VAT on domestic goods 59 80058 500

Fees on use of goods 102108

VAT on imported goods 55 16055 200

Road maintenance levy 18 20018217

Petroleum development fund 1 3001 500

294647292 046

Additional information

1. Revenue paid into the exchequer during the year 2008/2009 amounted to ksh 309,100 million.

2. Balance of revenue collected during 2007/2008 and not paid to exchequer by 30th June 2008 amounted to ksh 17,500 million.

3. Arrears of revenue as at 30th June, 2009.

	2007/2008	2008/2009	total
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	Ksh million	ksh million	ksh 'million'
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Tax on 2 nd hand veh	314		
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Fees on use of goods and permission	-2	1	3
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Road maintenance levy	1 500500	2000	
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Petroleum development fund	25050	300	
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Required :

Statement of revenue for the year ended 30th June, 2009.

[12marks]

