



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY - APRIL 2021 SEMESTER

DIPLOMA IN ACCOUNTING

COURSE CODE: DBAC 014

**COURSE TITLE: INTRODUCTION TO PUBLIC SECTOR
ACCOUNTING**

**DATE: 11 MAY 2021
AM**

TIME: 8:00 AM - 11:00

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: All exam rooms are under CCTV surveillance during the examination period.

SECTION A: COMPULSORY

QUESTION ONE

a) With regard to Public sector accounting (accounting for the government) write short notes on each of the following

- i. Trust funds [5 Marks]
- ii. General Accounts of Vote (GAV) [5 Marks]
- iii. Paymaster General Account (PMG) [5 Marks]
- iv. Appropriation In Aid [5 Marks]
- v. Consolidated fund [5 Marks]

b) The following cash transactions took place for a government unit for the month of March 2021

K.sh

01/03/2021	Opening balance:	Cash	15,000
		Bank	33,150
02/03/2021	Received cheque in respect of trading licence		75,000
03/03/2021	Paid CarlPeter & Sons cheque for goods supplied		27,000
05/03/2021	Received cash in respect of fees		20,000
05/03/2021	Paid telephone charges by cheque		9,555
08/03/2021	Paid Hekima Enterprises by cheque		34,500
14/03/2021	Received cash for licences		101,225
18/03/2021	Paid wages in cash		29,275
21/03/2021	Paid Keith & Osman for consumable supplies in cheque		37,500
28/03/2021	Paid wages in cash		38,550
30/03/2021	Received cash for fees		31,050
31/03/2021	Kept a cash balance of 12,500 and banked all other		

Required

Prepare a cash book for the governmental unit [15 Marks]

SECTION B: ANSWER ANY THREE QUESTIONS

QUESTION TWO

The approved estimates and actual details of the Education for the year 2019/2020 were as follows:

Gross estimated expenditure	K.sh	22,000,500,000
Estimated Appropriation In Aid	K.sh	1,500,250,000
Drawings from Exchequer	K.sh	18,555,555,555
Gross Expenditure	K.sh	17,890,000,000
Actual Appropriation In Aid	K.sh	1,007,335,540

Required:

- i. The General Account of Vote [4 Marks]

- ii. The Exchequer account [4 Marks]
- iii. Paymaster General Account [4 Marks]
- iv. Statement of Assets and Liabilities as at 30th June 2020 [8 Marks]

QUESTION THREE

The following account balances were extracted from the books of a pension fund for the year ended 30th June 2020

	Dr	Cr
Payments to members	9,752,000	
Payments for management expenses	1,785,000	
Interest on investment by the fund		966,399
Investment account	18,785,445	
Members' contributions		13,858,275
Cash balance	2,247,905	
Fund account	<u>32,570,350</u>	<u>17,745,676</u>
		<u>32,570,350</u>

Required

Prepare an income and expenditure account for the year ended 30th June 2020 and a balance sheet as at that date. [20 Marks]

QUESTION FOUR

- a) In the context of accounting and financial reporting for the public sector define the term 'Fund' [5

Marks]

- b) Write brief notes on the following

- i. Sinking fund [5 Marks]
- ii. Trust fund [5 Marks]
- iii. Revolving fund [5 Marks]

QUESTION FIVE

- a) There are various accounting techniques that may be adopted to achieve the accounting and reporting objectives of government unit. Define the following accounting techniques clearly explaining their relevance in public sector accounting.

- i. Budgetary accounting [5 Marks]
- ii. Commitment accounting [5 Marks]

- b) Describe the specific aims of budgetary accounting [10 Marks]