



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS MAY - AUGUST 2018 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCAC 302

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE: 9TH AUGUST 2018

TIME: 8.00 AM – 11.00 AM

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) Explain the objectives of Public Sector Accounting **[10 marks]**
- b) In relation to Public Sector Accounting, explain the uses of the following accounts;
- i. General Accounts of Vote (GAV)
 - ii. The Exchequer Account
 - iii. Paymaster General Account (PMG)
 - iv. Appropriation Account
 - v. Revenue Account **[10 marks]**
- c) The approved estimates and actual details of the Ministry of Agriculture for the year 2016/2017 were as follows:

Item	Amount (Khs, 000)
Gross estimated expenditure	700,000
Estimated Appropriation-In-Aid	40,000
Drawings from Exchequer	580,000
Gross Expenditure	500,000
Actual Appropriations-In-Aid	35,000

You are required to prepare;

- i. The General Account of Vote **[5 marks]**
- ii. The Exchequer Account **[5 marks]**
- iii. Paymaster General Account **[5 marks]**
- iv. A statement of assets and liabilities as at 30th June 2017 **[5 marks]**

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

- a) Highlight the various users of public sector accounts and explain the information each requires. **[10 marks]**
- b) The following information indicate the estimated and actual expenditures of the Ministry of Environment for the year ended 2016/2017

Code	Details	Approved Estimates (000, Ksh)	Actual Expenditure (000, Ksh)
000	Personal Emoluments	123,280	97,520
050	House Allowance	19,550	14,260
080	Passage and Leave	41,040	667
100	Travelling and Accommodation	1,334	1,656
110	Transport and Maintenance	16,100	13,593
120	Postal and Telecom Expenses	4,600	3,312
190	Miscellaneous Expenses	17,480	16,882
196	Training Expenses	5,980	4,738
230	Purchase of equipment	21,000	39,800
620	AIA (Realized Income)	1,000	5,560

Required

Prepare an appropriation account for the year ended 30th June 2017 [10 marks]

Question three

- a) Briefly discuss the five financial accounting techniques that may be adopted by a public sector organization. [10 marks]
- b) The following information is available from a public entity for the year ended 30th June 2017.

Item	Estimated Revenue	Actual Receipt
Renting buildings and equipment	Sh. 850,000	Sh. 870,000
Fee for trading licenses	Sh. 430,000	Sh. 400,000
Fees for import / export licenses	Sh. 470,000	Sh. 480,000
Other receipts	Sh. 235,000	Sh. 480,000

The following additional details are available;

Balance at hand on 01st July 2016 was Sh. 247,000

Balance at hand on 30th June 2017 was Sh. 160,000

Required

Prepare a statement of revenue for the year ended 30th June 2017 [10 marks]

Question Four

- a) Discuss the following types of funds clearly highlighting examples where each can be applied in public sector organization;
- i. Trust funds
 - ii. Sinking funds
 - iii. Working capital funds / Revolving funds
 - iv. Capital Project funds
 - v. Special revenue funds
 - vi. General funds **[12 marks]**
- b) Assume that the government was given a grant of Sh. 60,000,000 for installation of street lights in a certain town.
- i. Prepare ledger account for the government to record the above information. **[2 marks]**
 - ii. After one month, assume that the government has identified a contractor and given out contract for installation of street lights for an amount of Sh. 50,000,000. Prepare ledger accounts to record the above information. **[6 marks]**

Question five

- a) Discuss various policy objectives of a government that ensures that government institutions adhere to the principles of public accountability **[10 marks]**
- b) Explain the challenges likely to be faced by a public entity in the adoption of International Public Sector Accounting Standards (IPSAS). **[10 marks]**