



KIBABII UNIVERSITY COLLEGE (KIBUCO)

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2014 /2015 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER EXAMINATIONS

MAIN EXAMINATION

DEGREE

OF

BACHELOR OF COMMERCE

COURSE CODE: BCA 346

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE: 12TH JANUARY 2015

TIME: 9.00-10.00 A.M

INSTRUCTIONS TO CANDIDATES:

Answer Question ONE and any other Two Questions

TIME: 2 Hours

SECTION A COMPULSORY

QUESTION ONE

- a) Accounting for government entities is fundamentally different from accounting for commercial enterprises. Discuss (8 marks)
- b) The main concepts of financial reporting in public sector are “stewardship accountability. Explain (4 marks)
- c) What are the various types of controls exercised over government expenditure (6 marks)
- d) With specific reference to government sector accounting, briefly explain the following concepts:
 - i) Budgetary accounting (3 marks)
 - ii) Fund accounting (3 marks)
 - iii) Cooperative accounting (3 marks)
 - iv) Government Revenue (3 marks)

SECTION B

QUESTION TWO

- a) The following transactions took a place for Ushuru, a government department in the Ministry of Trade for the month of January 2008.

	Sh
02/01 opening Balance Cash	4,000
Bank	25,000
02/01 Received cheques in respect of licence	62,500
03/01 Paid Petrandsons (cheque for goods supplied)	20,000
05/01 Cash received in respect of fees	2,500
05/01 Paid telephone charges (cheque)	8,700
06/01 Paid cash to James Burton	2,800
08/01 Received cheques for licences	210,000
09/01 Paid wages in cash	5,000
10/01 Kept a cash balance of sh 10,000 and banked the rest together with all cheques in hand	

Required

- 1) Prepare a cash book for the government department (12 marks)
- b) The following information has been provided by the Ministry of Roads
Vote Head: Ministry of Roads
A.I.E NO: 220-30
A.I.E/VOTE Allocation: Kshs 100,000
Additional information
The ministry entered into the following transactions.

1/12/96 ordered for iron sheets and cement from T&C for shs. 25,000: LPO No. 5213
 6/12/96 Paid shs. 3,000 for lorry hire to transport cement; P.V. No. 357
 10/1/97 Paid T&C sh. 15,000 being part payment cement; P.V No. 357
 15/1/97 Purchased goods from AB&CO for sh.5, 000(timber); PV VO. 359
 20/1/97 issued LPO No.5214 to Patel & Sons for windows and doors for shs. 20,000
 25/1/97 Part payment to Patel & Sons sh. 7,000; PV No. 360

Required

- 1) Complete a vote book page from the above information (8 marks)

QUESTION THREE

- a) List three arguments for and against the actual expenditure details for vote A45 of the Ministry of Energy for the financial year 2013/2014 were as follows

Item No.	Details	Approved Estimates	Actual expenditure
		Shs (000)	shs (000)
000	Personal Emoluments	246,560	195,040
50	House allowances	39,100	28,000
80	Passage and leave Expenses	8,280	1,334
100	Transport Operating Expenses	32,200	27,186
110	Travelling and Accommodation Expenses	2,668	3,312
120	Postal and Telegram expenses	9,200	6,624
190	Miscellaneous charges	34,960	33,764
230	purchase of Equipment	42,000	79,600
620	Appropriations –in-Aid	2,000	11,120 (Realized)

The ministry made four equal withdrawals from the Exchequer in July 2013, October 2013, January 2014 and May 2014. In total the Ministry had withdrawn sh. 400,000,000 by the end of the 2013/2014 financial year.

Supplementary estimates authorized during the year were as follows:

	Shs (000's)
000-Personal Emoluments	12,000(reduction)
196-Training Expenses	2,000(increase)
620-Appropriations-in-Aid	8,000(increase)

Required

- Appropriation account for the year ended 30 June 2014 (6 marks)
- General Account of vote for the year ended 30 June 2014 (3 marks)
- Exchequer Account for the year ended 30 June 2014 (3 marks)
- Paymaster General (PMG) account for the year ended 30 June 2014 (2 marks)

QUESTION FOUR

- Briefly discuss four arguments in support of the existence of state corporate (4 marks)
- The Ministry of Trade and Industry had the following estimated revenues to collect during the financial year ended 30 June 2013

	shs
Hotel and Restaurant licenses	900,000
Cattle trade licences	1,000,000
Licences under Trade Licensing Act	765,000
Liquor licenses	500,000
Professional licences	75,000
Licences for registration of Insurance companies	320,000

During the year and prior to any issue of licenses, 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. 995,000. At the close of the financial year, the Receiver of Revenue had collected the following amounts

	Shs
Hotel and Restaurant licenses	1,131,250
Cattle Traders Licenses	2,261,250
Licenses under Trade Licensing Act	705,000
Liquor Licenses	-
Professional Licenses	-
Registration of Insurance companies	255,000
Scrap metal Licenses	1,117,500

The Receiver of Revenue had provided the following additional information;

- I. The ministry had a balance of shs. 33,750 at the beginning of the financial year
 - II. An amount of shs. 335,000 in respect of scrap metal License was still in the hands of the agents as at 30 June 2013
 - III. A sum of shs. 8,750 was due to the Exchequer at the end of the year
- Required
- a) A statement of Assets and Liabilities for the year ended 30 June 2013 (6 marks)
 - b) A statement of revenue for the year ended 30 June 2013 (10 marks)

QUESTION FIVE

- a) In accounting for Local government units, a fund called Capital project Fund is created. What is the purpose of this fund? (3 marks)
- b) The City of Chwele authorizes the construction of a new city hall on 1st January 2011. The hall is expected to cost sh.100, 000,000. Financing for the project is to be shs.50,000,000 from 6 ½ percent serial bond issue, sh.40,000,000 from a government grant and sh.10,000,000 from the general fund (GF). Transactions and events during 2011 are as follows
 - i) The City transfers sh.10,000,000 from the GF to the City Hall Capital Project Fund (CPF created for the construction)
 - ii) Planning and architect's fees are paid in the amount of sh. 4,000,000
 - iii) The contract is awarded to the lowest bidder for sh.95,000,000
 - iv) The bonds are sold for shs.50,200,000
 - v) The amount of the premium is transferred to the debt service fund
 - vi) The construction is certified to be 50 percent complete and a bill of sh.47,500,000 is received from the contractor.
 - vii) Contracts payable, less a 10 per cent retained percentage is paid
 - viii) The books are closed and financial statements are prepared

Required

- i) Journal entries to record the above transaction (10 marks)
- ii) Financial statement of the Capital Project Fund for the year 2011 (7 marks)