

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF DEGREE OF  
MASTERS IN**

**MBAD 817: PUBLIC SECTOR ACCOUNTING**

**STREAMS: Y2S1**

**TIME: 3 HOURS**

**DAY/DATE: WEDNESDAY 7/4/2021**

**11.30 AM – 2.30 PM**

**INSTRUCTIONS:**

- Answer Question **ONE** and any other **THREE** questions.
- Do not write anything on the question paper.

**QUESTION ONE**

a) Evaluate the advantages and disadvantages of commitment basis of accounting in public sector. [10 Marks]

(b) The estimate and expenditure details relating to a Ministry as at 30<sup>th</sup> June, 2008 were as follows:

Original	Actual Estimates Ksh.	Expenditure Ksh.
110-Persona emoluments	140,000	120,000
120-Commuter	40,000	25,000
130-Medical expenses	55,000	60,000
140-Plant and machinery	130,000	110,000
150- Electricity and water	20,000	20,000
160-Salaries and wages	15,000	18,000
170-House allowances	12,000	15,000
180-Training expenses	16,000	7,000
190-Repairs and maintenance	8,000	6,000
200-Telecommunication expenses	6,000	5,000
210-Application-in-Aids	50,000	

Supplementary Estimates authorized during the year were:

110 Personal emoluments	Kshs. (50,000)
180 Training expenses	Ksh. (9,000)
200 Telecommunication expenses	Ksh.2,000

**Required:**

Appropriation account for the year ended 30<sup>th</sup> June 2008 in a suitable form for publication.

[16 Marks]

c) An officer controlling government expenditure is authorized to spend kshs.2,000,000

The following transactions related to stationary took place;

- i. 2/8/17 Paid Kshs.145,000 for purchase of stationary at Odinga stores payment voucher No.4
- ii. 6/8/17 Kshs.150,000 was paid for pencils surprise to Abiola traders Payment Voucher No.5
- iii. 10/8/17 issued an LPO. No.44 to Lambwe bookshop for photocopy papers Ksh.200,000.
- iv. 12/8/17 settled Lambwe bookshop Payment Voucher No.6
- v. 27/8/17 issued LPO No. 45 for 400,000 for duplication papers from Oloo Ltd.
- vi. 31/8/17 Settled Oloo Ltd-Payment Voucher No.07
- vii.31/8/17 issued an LPO of Kshs.200,000 to Chuka stationers

Required: Using columnar form show a Vote book to record the above transactions.[14 Marks]

**QUESTION TWO**

- a). Explain five features of government entities. [5 Marks]
- b). Outline five functions of treasury [5 Marks]
- c) The approved estimates and actual details for ministry of education for the year 2014/2015 were as follows;
  - i. Gross estimated expenditure -940,000
  - ii. Estimated appropriation in Aid (A/A) -30,000
  - iii. Drawings from exchequer-550,000
  - iv. Gross expenditure-490,000
  - v. Actual Appropriation in Aid-30,000

**Required**

- i. The exchequer account [2 Marks]
- ii. General Account of vote [2 Marks]
- iii. Paymaster General Account [2 Marks]
- iv. Statement of Assets and Liabilities for the Ministry [4 Marks]

**QUESTION THREE**

- a) Explain four internal users of public sector accounting information. [4 Marks]  
 b) The following trial balance was extracted from the books of XYZ pension scheme for the year ended 31<sup>st</sup> March, 2018.

	Sh.000	Sh.000
Accumulated fund 1.4.2017		470,000
Accrued expenses		250
General administrative expenses	20,350	
Cash and demand deposits	24,000	
Change in market value of investments	23,000	
Commutations and lump sum retirement benefits		3,500
Contributions due within 30 days	4,900	
Employers contributions		39,000
Individual transfers in from other schemes		3,000
Individual transfers out to other schemes	1,800	
Investment income		49,000
Immovable property	134,000	
Government securities	263,000	
Members contributions		7,000
Members additional contributions		5,000
Pensions		8,000
Equity investments-Quoted	89,000	
Unpaid benefits		300
Equity investments- Unquoted	25,000	
	<b>585,050</b>	<b>585,050</b>

**Required:**

- i) Statement of changes in net assets (Income and Expenditure) accounting for the period ended 31<sup>st</sup> March 2018 [10 Marks]  
 ii) Statement of Net assets as at 31<sup>st</sup> March 2018 [6 Marks]

**QUESTION FOUR**

- a) Discuss the challenges faced in the public sector in the implementation of IPSAS. [6 Marks]  
 b) Enumerate the duties of the Director, Accounting services [6 Marks]

c) You have been appointed the imprest holder in the ministry of finance and given a float of Kshs.1500,000 to run the county government for two weeks. The following transactions relate to the county for the two weeks.

March 1, Paid fuel for staff	Kshs.22,500
March 4 Paid for stationery	Kshs.7,500
March 7 Paid generator fuel	Kshs.4,500
March 8 Paid Cleaning services	Kshs.6,000
March 9 Paid Photocopying papers	Kshs.3,000
March 10 Paid grass cutters/cleaners	Kshs.10,500
March 12 Purchased office tea goods	Kshs.7,700

Required: Imprest cash book for the ministry

[8 Marks]

**QUESTION FIVE**

a) A new Governor requests you to give proposals on better government expenditure controls.

Elaborate these controls

[10 Marks]

b) Explain the functions of Auditor general as stipulated in chapter 12 of Kenya's constitution.

[10 Marks]

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