

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS**

**O DEL**

**THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF  
COMMERCE**

**BCOM 312: PUBLIC SECTOR ACCOUNTING**

**STREAMS:**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 30/03/2021**

**11.30 A.M – 1.30 P.M**

**INSTRUCTIONS:**

**Answer question one and any other two questions**

**Do not write on the question paper**

**QUESTION ONE (30 MARKS)**

- (a) State –owned enterprise should comply with new governance requirements established by the public enterprise monitoring board which requires that the financial accounts should be produced annually within three months of the year end, in accordance with good accounting practice. Discuss these accounting principles. [5 marks]
- (b) Explain briefly the meaning of the terms listed below in relation to public accounting:
- (i) The exchequer account [3 marks]
  - (ii) The general account of vote [3 marks]
  - (iii) The paymaster general [3 marks]
  - (iv) Appropriations in aid [3 marks]

2. The approved estimates and actual expenditure details for the ministry of devolution for the year 2019/2020 were as follows:

	<b>Approved estimates</b>	<b>Actual expenditures</b>
	Ksh	Ksh
Personal emoluments	147936000	117024000
House allowance	23460000	17112000
Passage and leave	40248000	800400
Travelling and accommodation	1600800	1987200
 Transport and maintenance	 19320000	 16311600
 Postage and telephone expenses	 5520000	 3974400
Miscellaneous charges	20976000	20258400
Training expenses	7176000	5685600
Purchase of equipment	25200000	47760000
Appropriations in aid	1200000	6672000

The ministry made four equal withdrawals from the exchequer in July 2019, October 2019, January 2020 and May 2020. In total the ministry had withdrawn ksh 240000000 by the year end.

**Required;**

- (i) The general account of vote [2 marks]
  - (ii) The exchequer account [1 mark]
  - (iii) The paymaster general account [2 marks]
  - (iv) Statement of assets and liabilities as at 30 June 2020. [3 marks]
- (c) In accounting for National government and county government units, a fund called capital project fund is usually created. What is the purpose of this fund? [5 marks]

**QUESTION TWO**

- (a) Explain four characteristics that distinguish government entities from business organizations. [8 marks]
- (b) Analyze various sources of revenue payable to consolidated revenue fund. [4 marks]

(c) The following cash transactions (cash) took place for a government unit for the month of January 2018.

**Required:**

02/01/2018	Opening balance : cash	4,000
	Bank	25,000
02/01/2018	received cheque in respect of trading license	62,500
03/01/2018	Paid Peter and sons (cheque for goods supplied)	20,000
05/01/2018	Cash received in respect of fees	2,500
05/01/2018	Paid telephone charges (cheque)	8,700
06/01/2018	Paid AB ltd by cheque	52,000
06/01/2018	Paid cash to James Burton	2,800
08/01/2018	Received cheque for licenses	210,000
09/01/2018	Paid wages in cash	5,000

Prepare a cash book for the governmental unit. [8 marks]

**QUESTION THREE**

(a) Outline the role played in government account by;

- |      |  |           |
|------|--|-----------|
| (i)  | The public accounts committee                | [4 marks] |
| (ii) | The controller of budget and auditor general | [8 marks] |

(b) Discuss fund accounting showing different types of funds in the public sector. [8 marks]

**QUESTION FOUR**

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

1/10/2020	Authorized appropriation	ksh	500,000
2/10/2020	Paid ksh 30,000 for purchase of brooms on payment voucher no. 001		
3/10/2020	Placed L.P.O no.001 to chops stores for detergents worthy ksh 50,000		
4/10/2020	Paid the contracted cleaning company clean master ksh 100,000 on payment voucher no. 802.		
5/10/2020	Paid chops stores under payments voucher no. 003 for additional detergent of ksh 20,000.		
6/10/2020	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 [8 marks]
  - (b) Distinguish between commitment accounting and fund accounting in relation to public sector. [6 marks]
  - (c) Explain the importance of revenue control techniques and identify various types of controls exercised over government expenditure. [6 marks]
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