

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF MASTER IN BUSINESS
ADMINISTRATION

MBAD 817: PUBLIC SECTOR ACCOUNTING

STREAMS: MBAD Y2S1

TIME: 3 HOURS

DAY/DATE: TUESDAY 05/10/2021

11.30 A.M. – 2.30 P.M.

INSTRUCTIONS

- Answer question one and any other three questions
- Do not write anything on the question paper

Question one

- a) Discuss five government expenditure controls instituted to ensure expenditures are wholly, reasonable and exclusively used for the intended purposes. (10 marks)
- b) The following are extracts from the trial balance for revenue head No. 180 240, Airport revenue collection for the year ended 30th June 2020:

Code	Details	Dr	Cr
630	Renting building and equipment		807,456
631	Rent from land		3,796,205
651	Aviation landing fee	3,545,221	
652	Airport passenger tax	3,991,029	
670	Other airport receipts	798,144	
	Payment of revenue to exchequer	13,288,687	

The following additional details are made available:

1. Balance in hand at 30th June 2019 sh. 2,568,242
2. Estimated receipts for the year:

Code	Amount
630	1,000,000
631	2,500,000
651	3,000,000
652	3,600,000
670	1,100,000

Required

1. A statement of revenue for the year ended 30th June 2020. (7 marks)
2. Give appropriate footnotes for material differences between estimates and the actual receipts. (3 marks)

Question two

In relation to Government Accounting, explain the functions of the following finance officers:

- a) Accountant-General/Director. (5 marks)
- b) Auditor General. (5 marks)
- c) Accounting Officer. (5 marks)
- d) Revenue Collector. (5 marks)

Question three

- a) Explain briefly the meaning of the terms listed below in relation to government accounting:
 - i. The Exchequer account. (2 marks)
 - ii. The general account of vote. (3 marks)
 - iii. The paymaster general (3 marks)
 - iv. Appropriations in Aid. (2 marks)
- b) The approved estimates and actual expenditure details for the Ministry of Planning and Development for the year 2019/2020 were as follows:

	Approved estimates	Actual expenditure
Personal emoluments	14,793,600	11,702,400
House allowances	2,346,000	1,711,200
Passage and leave	4,024,800	80,040
Travelling and accommodation	160,080	198,720
Transport and maintenance	1,932,000	1,631,160
Postage and telephone expenses	552,000	397,440

Miscellaneous charges	2,097,600	2,025,840
Training expenses	717,600	568,560
Purchase of equipment	2,520,000	4,776,000
Appropriations in Aid	120,000	667,200

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 sh.24,000,000 by the year end.

Required:

- i. The Genral Account of Vote. (2 marks)
- ii. The Exchequer Account (2 marks)
- iii. The Paymaster General Account. (3 marks)
- iv. Statement of assets and liabilities as at 30 June 2002. (3 marks)

Question four

- a) The following trial balance was XYZ ltd, a government parastatal as at 31st December, 2020.

XYZ Ltd		
Trial Balance		
	Dr	Cr
Accumulated fund		50,000,000
Surplus		5,000,000
Licences		24,000,000
Staff costs	8,500,000	
Utility payments	100,000	
Maintenance	400,000	
Buildings	40,000,000	
Vehicles	6,000,000	
Bank	18,700,000	
Stationery	300,000	
Land/commissions	6,000,000	1,000,000
Total	80,000,000	80,000,000

Additional information:

- i. Depreciate vehicles and building at 10% per annum.
- ii. Utilities paid in advanced amounted to Ksh. 40,000

iii. Stationery due amounted to Ksh. 10,000

Required:

Income and expenditure statement of financial position for XYZ as at 31st December, 2020.

(14

marks)

- b) Outline six characteristics that distinguish government entities from business organizations. (6 marks)

Question five

- a) Write explanatory notes on the specific funds falling under each of the categories listed below:

- i. Government funds. (3 marks)
- ii. Proprietary funds (3 marks)
- iii. Fiduciary funds (2 marks)

- b) The officer controlling expenditure from the ministry of finance has provided you with the following vote book details relating to stationery:

Authorized appropriation for the year Kshs. 1,000,000

The following transaction relating to stationery took place during the month of August 2019:

- 1) 2/8/19 paid Ksh. 45,000 for purchase of stationery at Odinga stores payment voucher No. 4
- 2) 6/8/19 Ksh. 50,000 was paid for pencils surprise to Abiola traders payment voucher No. 5
- 3) 10/8/19 issued an LPO. No 44 to Lambwe bookshop for photocopy paper Ksh. 100,000.
- 4) 12/8/19 settled Lambwe bookshop payment voucher No. 6
- 5) 27/8/19 issued LPO No. 45 sh. 300,000 for duplication paper from Oloo Ltd.
- 6) 31/8/19 Settled Oloo Ltd – payment Voucher No. 7

Required

Vote book recording the above transactions. (12 marks)

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