

CHUKA

UNIVERSITY



UNIVERSITY EXAMINATIONS

SECOND YEAR EXAMINATION FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION

MBAD 816: PUBLIC SECTOR ACCOUNTING

STREAMS: MBAD (Y2S1)

TIME: 3 HOURS

DAY/DATE: MONDAY 02/12/2019

2.30 P.M. – 5.30 P.M.

INSTRUCTIONS: Attempt question ONE and any other THREE

QUESTION ONE

- (a) Explain various audit tests carried by auditor general in Public sector accounting [10 marks]
- (b) Explain the reasons why governments form autonomous accounting bodies [10 marks]
- (c) The directors of a parastatal, Ketraco Company limited presented the following income statement for the year ended 31 December 2012

Ketraco Company limited
 Trial balance
 For the period ended 31st December, 2017

	Dr.	Cr.
Accumulated fund		50,000,000
Surplus		5,000,000
Licenses		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	<u>6,000,000</u>	<u>1,000,000</u>
	<u>80,000,000</u>	<u>80,000,000</u>

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Additional

- (i) Depreciate vehicles and building at 10% per annum.
- (ii) Utilities paid in advance amounted to kshs 40,000
- (iii) Stationery due amounted to kshs. 10,000
- (iv) Land was revalued to kshs. 3,000,000
- (v) As at the end of accounting period, debtors balance out of sales made were kshs, 350,000. They were omitted from the books of account

Required:

Income and expenditure statement and a statement of financial position for Ketraco

Company limited as at 31st December, 2017.

[20 marks]

QUESTION TWO

- (a) Explain ten differences between public sector accounting and private sector accounting

[10 marks]

- (b) The details of a vote book relating to maintenance are as follows. The authorized appropriation for the year kshs. 10,000,000

The following transactions related to stationary took place;

- (i) 02/01/2018 paid kshs. 450,000 for purchase of motor spares at Mwalimu spares voucher No. 2
- (ii) 05/01/2018 kshs. 500,000 was paid for Lubricating oils to Tennessee suppliers
- (iii) 08/01/2018 issued an LPO No. 9 to Kamwenja spares for kshs 100,000
- (iv) 12/01/2018 settled Kamwenja Spares
- (v) 15/01/2018 issued an LPO to Chuka spares for kshs. 400,000
- (vi) 18/01/2018 received a supplementary allocation of kshs. 2000,000 in regard to maintenance
- (vii) Settled Chuka spares
- (viii) An adjustment transfer was made from maintenance to stationary, kshs. 1000,000
- (ix) Issued an LPO of kshs. 150,000 to Runyenjes ltd

Required:

Vote book to record the above transactions

[10 marks]

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QUESTION THREE

- (a) Explain the role of parliamentary committee on accounts in public sector accounting [10 marks]
- (b) The following information is obtained from Attorney General's office

Date	Details	Reason	Amount
2/02/2018	Walaa	Marriage search	4000
3/02/2018	Ndemo	Company search	2000
5/02/2018	Makenzi	Marriage license	800
7/02/2018	Jamal	Wedding fee	8000
9/02/2018	Isaboke	Name registration	2200
15/02/2018	Wangui	Wedding fee	8000
12/02/2018	Kamau	Company search	2000
17/02/2018	Rasta	Marriage search	4000

Money is collected under the head 400 with the following sub-heading marriage search 01, company search 03, wedding fee 07, Name registration 09 and marriage license 02. Revenue collector deposited all monies and took the deposit to sub-accounting officer who then issued receipt No. 610001
Walaa was given receipt No. 800 417 and are informed that receipt No. 800 420 was cancelled

Required:

Revenue collector's cash book [10 marks]

QUESTION FOUR

- (a) Distinguish between recurrent and capital expenditure as used in government accounting [4 marks]
- (b) A new government provides the following data for the ministry of trade
- Kshs 11 billion was appropriated to the government ministry
 - Kshs. 10 billion were transferred to ministries which spend kshs. 9 billion
 - The ministries had raised kshs. 900 million as appropriation in aid

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Required:

- (i) General account of vote
- (ii) Exchequer
- (iii) Paymaster general accounts
- (iv) Statement of assets and liabilities [16 marks]

QUESTION FIVE

- (a) Explain ten objectives of public sector accounting [10 marks]
 - (b) The regulatory framework in public sector accounting has several gaps. Highlight those gaps [10 marks]
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