

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

BCOM 312: PUBLIC SECTOR ACCOUNTING

STREAMS: BCOM (Y3S1) (ODEL)

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 07/8/2019

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

QUESTION ONE

- (a) Explain four differences between public sector accounting and private sector accounting. [8 marks]
- (b) The following transactions were recorded in Nairobi at the ministry of trade in relation to stationery
- (i) 1/10/2017 – Authorized appropriation ksh 1,500,000
 - (ii) 2/10/2017 – Paid ksh 300,000 for purchase of books under payment voucher No. 001
 - (iii) 3/10/2017 – Placed L.P.P No. 001 to Oriental store for files worthy ksh 150,000
 - (iv) 4/10/2017 – Paid the contracted bookshop, file masters ksh 170,000 on payment voucher No. 002
 - (v) 5/10/2017 – Paid oriental stores under payments voucher No. 003
 - (vi) 6/10/2017 – Issued LPO No. 002 for purchase of Pens to Kamwana stationers kshs. 210,000
 - (vii) 31/10/2017 – settled Kamwana stationers
 - (viii) Note the head/subhead for stationery is 504/02

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Required:

- Prepared a vote book [12 marks]
- (c) Evaluate effectiveness of five major expenditure controls in government as used in public sector accounting. [10 marks]

QUESTION TWO

- (a) The approval estimates and actual expenditures details of the ministry of education for the financial year ended 30th June 2017 were as follows

	Approved estimates	Actual expenditure
Personal emoluments	158,000,000	119,000,000
House allowance	24,000,000	17,000,000
Passage and leave	31,000,000	33,300,000
Accommodation	1,000,000	1,200,000
Postage and telephone expenses	700,000	932,000
Miscellaneous charge	18,000,000	14,000,000
Training expenses	7,000,000	5,100,000
Purchase and equipment	25,200,000	47,760,000
Appropriation in aid	1,000,000	1,200,000

The ministry made four equal withdraws from the exchequer in July 2016, October 2016, January 2016 and May 2016. In total the ministry had withdrawn ksh 240,000,000 by the end of the financial year.

Required:

- (i) The general account of vote
- (ii) The exchequer account
- (iii) The paymaster general account
- (iv) The statement of assets of liabilities as at 30th June 2016 [12 marks]
- (b) Discuss the role of auditor general in public sector accounting [8 marks]

QUESTION THREE

- (a) Kenya Railway limited purchased a machine for kshs 40 million on 1st January 2014 and received a grant of kshs 15 million from the government against the purchase of the machine. The machine was expected to have a useful life of four years and a nil residual value at the end of its expected life. The profit before depreciation was shs 25 million in each of the four years.

Required:

A balance sheet to show how the company may account for the grant from government.

[6 marks]

- (b) Distinguish between commitment accounting and fund accounting in relation to public sector. [4 marks]
- (c) Evaluate five revenue controls employed in public sector accounting. [10 marks]

QUESTION FOUR

- (a) Explain the four challenges likely to be faced by a public entity in the adoption of international public sector accounting standards (IPSAS). [8 marks]
- (b) The following details were extracted from the books of a receiver of revenue for the year 2010/2011

	Estimated Receipts	Actual Receipts
Income tax from individual	80160	79500
Tax on 2 nd hand vehicle	25	21
Income tax form corporations	79900	79000
VAT on domestic goods	59800	58500
Fees on use of goods	102	108
VAT on imported goods	55160	55200
Road maintenance levy	18200	18217
Petroleum development fund	1300	1500
	294647	292046

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Additional information:

1. Revenue paid into the exchequer during the year 2010/2011 amounted to sh. 309,100 million
2. Balance of revenue collected during 2009/2010 and not paid to exchequer by 30th June 2008 amounted to shs 17,500 million.
3. Arrears of revenue as at 30th June, 2011

	2009/2010	2010/2011	Total
	'Shs 'million'	'Shs 'million'	'Shs 'million'
Tax on 2 nd Hand veh	3	1	4
Fees on use of goods & permissions	2	1	3
Road maintenance levy	1500	500	2000
Petroleum development fund	2500	50	300

Required:

Statement of revenue for the year ended 30th June, 2011

[12 marks]
