CHUKA UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 312: PUBLIC SECTOR ACCOUNTING

STREAMS: BCOM (ODEL) TIME:2 HOURS

DAY/DATE: THURSDAY 07/08/2025 8.30A.M. –10.30 A.M

QUESTION ONE

a) Explain four characteristics that distinguish government entities from business organizations (8 Marks).

b) The approval estimates and actual expenditures details of the ministry of trade for the financial year ended 30th June 2008 were as follows.

	Approved Estimates	Actual Expendicture
Personal enrolments	147,936,000	117,024,000
House allowance	23,460,000	17,112,000
Passage and leave	40,248,000	800,400
Training and Accommodation	1,600,800	1,987,200
postage and telephone expenses	5,520,000	3,974,400
Miscellaneous charge	20,976,000	20,258,400
Training expenses	7,176,000	5,685,600
Purchase and equipment	25,200,000	47,760,000
Appropriation in aid	1,200,000	

The ministry made four equal withdrawals from the exchequer in July 2007, October 2007, January 2008 and May 2008.In total the ministry had withdrawn ksh240,000,000 by the end of the financial year.

Required

The General Account of vote (3 Marks)

The Exchequer Account (3 Marks)

The Paymaster General account (3 Marks)

The statement of Assets of Liabilities as at 30th June 2008 (3 Marks).

d)Explain four major objectives of public sector accounting (10 Marks)

QUESTION TWO.

a) The following transactions were recorded in Nairobi at the ministry of Home Affairs in relation to cleaning.

1/10/2010 – Authorised appropriation ksh 1,000,000

2/10/2010 – Paid Ksh 300,000 for purchase of brooms on payment voucher No. 001

3/10/2010 – Placed L.P.O No. 001 to Nakumatt stores for detergents worthy ksh 70,000

4/10/2010 – Paid the contracted cleaning company clean masters ksh 100, 000 on payment voucher No.802.

5/10/2010- Paid Nakumatt stores under payments voucher No.003.

6/10/2015 –Issued LPO No.002. for purchase of fungicides from Kamwe Agrovet for ksh 50,000

Note the head/subhead for cleaning is 504/02.

Required; Prepare a vote book. (10marks)

b).Discuss the role of Budget and appropriations committee in public sector accounting (10 marks)

QUESTION THREE

a) Lwanga Limited purchased a machine for shs 40 million on 1st January 2002 and received a grant of shs 5 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 straight line method of depreciation is used by the company. 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 Accrual Accounting in relation to Public Sector. (4 marks)

c) Discuss the role of the Budget Controller and Auditor General. (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 2018/2019:

	Estimated Receipts Shs '000'	Actual Receipts Shs '000'
Income Tax from individual	80 160	79 500
Tax on 2nd Hand vehicle	25	21
Income Tax from Corporations	79 900	79 000
VAT on Domestic Goods	59 800	58 500
Fees on use of Goods	102	108
VAT on Imported Goods	55 160	55 200
Road maintenance Levy	18 200	18 217
Petroleum Development Fund	1 300	1 500
	294,647	292,046

Additional Information:

1.Revenue paid into the exchequer during the year 2018/2019 amounted to sh.309,100 ,000.

2.Balance of revenue collected during 2017/2018 and not paid to exchequer by 30th June 2008 amounted to shs.17,500,000.

3.Arrears of revenue as at 30th June, 2019.

	2017/2018	2018/2019	Total
	Shs ‘million	Shs ‘million	’Shs ‘million’
Tax on 2nd Hand veh	3	1	4
Fees on use of Goods & permission-	2	1	3
Road maintenance levy	1 500	500	2000
Petroleum Development fund	250	50	300

Required:

Statement of revenue for the year ended 30th June, 2019. (12 marks)
