

CHUKA

UNIVERSITY



## UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS  
IN BUSINESS ADMINISTRATION**

**MBAD 817: PUBLIC SECTOR ACCOUNTING****STREAMS: MBAD (Y2S1) (ODEL)****TIME: 3 HOURS****DAY/DATE: WEDNESDAY 07/08/2024****8.30 A.M. – 10.30 A.M.****INSTRUCTIONS:**

- Answer question ONE and any other THREE questions.
- Do not write anything on the question paper

**QUESTION ONE**

- Public sector accounting information plays a crucial role in decision making. Highlighting their need for this information, explain four external users of public sector accounting information. (8 marks)
- Explain the four challenges likely to be faced by a public entity in the adoption of international public sector accounting standards (IPSAS). (8 marks)
- The approved estimates and actual expenditure details of ministry of Devolution were as follows for the year ended 2010/2021 .

| Details                 | Estimates | Actual  |
|-------------------------|-----------|---------|
| Personal emoluments     | 1,500,000 | 900,000 |
| House allowances        | 750,000   | 650,000 |
| Traveling               | 900,000   | 700,000 |
| Training                | 200,000   | 210,000 |
| Repairs and maintenance | 80,000    | 150,000 |
| Electricity and water   | 120,000   | 100,000 |
| Passage and leave       | 200,000   | 240,000 |
| Appropriation           | 300,000   | 400,000 |

The ministry made four equal withdrawals from exchequer of sh. 700,000 every time Required:

- i General account of vote (3 marks)
  - ii The exchequer account (3 marks)
  - iii The paymaster general account (4 marks)
  - iv Statement of assets and liabilities for the ministry. (4 marks)
- d. Describe five revenue controls in place at the ministry of finance and highlight their effectiveness in Kenya today (10 marks)

## QUESTION TWO

- a. Public debt management is a big challenge to Kenya today. Explain how government finance officers can help in its management (10 marks)
- b. You have recently been appointed a revenue accountant at the Nyeri Law courts. Money is collected under the head 400. The revenue subheads are; Declaration 01, court fine 03, court process papers 06. The following information is further supplied:

| <u>Date</u> | <u>Details</u> | <u>Reason</u> | <u>Amount</u> |
|-------------|----------------|---------------|---------------|
| 1/1/2020    | Imani          | Court fine    | 60,000        |
| 5/1/2020    | Joel           | Declaration   | 30,000        |
| 6/1/2020    | Otieno         | Court papers  | 80,000        |
| 10/1/2020   | Ben            | Court fine    | 200,000       |
| 15/1/2020   | Edward         | Court papers  | 60,000        |
| 20/1/2020   | Jane           | Declaration   | 10,000        |
| 25/1/2020   | Nyakio         | Court fine    | 70,000        |

Required:

A revenue cashbook to be submitted to sub-Accounting officer. (Note the receipt number issued to Imani was 500 210 and sub accounting officer issued No 600421 (10 marks)

**QUESTION THREE**

- a. The auditor general is the government/public watchdog. Discuss his/her role in public sector accounting as stipulated in chapter 12 of Kenyan's constitution. (8 marks)
- b. The following details relating to stationary were obtained from the ministry of roads and transport for the month of January 2020. The authorized appropriation for the year was sh. 2,000,000
- i) 02/01/2020 - Paid kshs. 51 ,000 for purchase of Reams at MX stationers voucher No. 9
  - ii) 05/01/2020 - kshs. 21 was paid for stapler & punches to Texas suppliers
  - iii) 08/01/2020 - Issued an LPO no. 18 to Doshi bookshop for kshs 46,000
  - iv) 12/01/2020 - settled Doshi bookshop
  - v) 15/01/2020 - Issued an LPO to Msumari bookshop for ksh. 396,000
  - vi) 27/01/2020 - Settled Msumari spares
  - vii) 30/01/2020 — issued an LPO of kshs. 11,000 to Kangaru ltd

Required:

Vote book to record the above transactions (12 marks)

**QUESTION FOUR**

The following information was obtained from the books of Kenya Literature Bureau:

| <b>Kenya Literature Bureau Trial</b>                       |            |            |
|------------------------------------------------------------|------------|------------|
| <b>Balance</b>                                             |            |            |
| <b>For the period ended 31<sup>st</sup> December, 2019</b> |            |            |
|                                                            | <b>Dr.</b> | <b>Cr.</b> |
| Accumulated fund                                           |            | 50,000     |
| 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> |

Additional information:

- i Depreciate vehicles and building at 10% per annum
- ii Utilities paid in advance amounted to sh. 33 000
- iii Stationery due amounted to Kshs. 14,000

Required:

- a) Income and expenditure account for the year ended 31<sup>st</sup> December 2019 (12 marks)
- b) Statement of financial position as at 31<sup>st</sup> December 2019 (8 marks)

#### QUESTION FIVE

- a. Distinguish between commitment accounting and accrual accounting in relation to public sector. (10 marks)
- b. Explain the current conceptual and regulatory framework of public sector accounting in Kenya. (10 marks)

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