



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2017/2018 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER

SPECIAL/SUPPLEMENTARY EXAMINATION

FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

COURSE CODE: MBA 824

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE: 16/10/2018

TIME: 3:00 P.M

INSTRUCTIONS TO CANDIDATES

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 3 Hours

KIBUCO observes ZERO tolerance to
examination cheating

SECTION A
QUESTION ONE (COMPULSORY 30MARKS)

- a) The Kenya constitution defines the duties of the office the controller of budget in broad terms, and more detailed responsibilities are provided in the under the new constitution. Discuss **five** roles of the Budget Controller. **(10marks)**
- b) Explain the functions of Public Investment Committee of Kenya parliamentary system. **(6marks)**
- c) The following are extracts from Trial Balance of revenue head No. 1440-1460of a public Corporation revenue collection for the year ended 30th June 2014.

	US \$	
	Estimated	Actual
Renting building and equipment	2,550,000	2,610,000
Trading licenses	1,290,000	1,200,000
Fees for Import/ Export licenses	1,410,000	1,440,000
Other receipts	705,000	630,000

The following additional details are available:

Balance on hand as at 30 th June 2013	US \$	741,000
Balance on hand as at 30 th June 2014	US \$	480,000.

Required:

Statement of revenue of revenue for the year ended 30/06/2014 giving appropriate footnotes on the material differences between Estimated and Actual receipts. **(8marks)**

- d) Explain the shortcomings of investing in a pension scheme (8marks)

SECTION B (CHOOSE ANY THREE QUESTIONS)

QUESTION TWO

- a) Explain briefly the following terms as used in Trust and Executorship accounting.
- i) Life tenant (3marks)
 - ii) General legacy (3marks)
 - iii) Demonstrative legacy (3marks)
- b) The following information was extracted from the books of Ministry of Water and Irrigation for the fiscal year ended 30th June 2014.

	Kshs.'0000'
Cash and cash equivalent	22,500
Receivables	6,000
Accumulated surpluses as at 1 st July 2010	15,000
Reserves	54,000
Inventories	3,000
Transfers from exchequer	75,000
Fees , fines and licenses	15,000
Exchequer gains	3,000
Other revenue	18,000
Transfers from other Ministries	1,500
Payables	15,000
Property plant and equipment 120,000	
Wages and salaries	30,000
Transfers to other Ministries	15,000
Supplies and consumables used	12,000
Other expenses	36,000
Finance costs	3,000
Long term borrowings	30,000
Liability for long -term employees benefits	9,000
Accruals 15,000	

Required

- i) Statement of financial **performance** for the year ended 30th June 2014
(8marks)
- ii) Statement of financial **position** for the year ended 30th June 2014
(4marks)

QUESTION THREE

- a) Differentiate the following terms in relation to Government Accounting.
 - i) The General account of Vote and Appropriations in Aid (4marks)
 - ii) The Exchequer account and The paymaster General account(4marks)

- b) The approved estimates and actual expenditure details for the Ministry Energy for the year 2014/2015 were as follows :

Gross estimate	\$ 720,000
AIA Estimate	\$ 90,000
Drawings from the Exchequer	\$ 450,000
Actual gross expenditure	\$ 520,000
Actual AIA	\$120,000

Required

- i) The General account of Vote (5marks)
- ii) The Exchequer account (2marks)
- iii) The paymaster General account(2marks)
- iv) Statement of assets and liabilities as at 30th June 2011 (4marks)

QUESTION FOUR

- a) Discuss the responsibilities and liabilities of Trustees as contained in the Trustee Act –Chapter 167 of the laws of Kenya(12marks)
- b) Briefly explain some of the challenges being experienced by devolved units in the accounting for public financial resources. (8marks)

QUESTION FIVE

- a) Explain four benefits members draw from investing in a pension scheme. (8marks)
- b) The following trial balance was extracted from the accounting records of the Wanfanyi Kazi retirement Benefits Scheme for the year ended 30th June 2012.The information provided is in accordance withInternational Accounting Standard 26 (Accounting and Reporting by Retirement Benefit Plans)

Kshs.'0000'	Kshs.'0000'	
Accumulated fund as at 1 st July 2011		461,560
Accrued expenses		240
Administrative expenses	2,840	
Cash and demand deposits	23,460	
Change in market value of investments	22,640	
Commutations and lump sum retirement benefits	4,820	
Contributions due within 30 days	4,940	
Employer normal contribution		36,480
Individual transfers in from other schemes		3,150
Individual transfers out to other schemes	1,860	
Investment income		47,400
Immovable property	132,320	
Kenya Government securities	263,605	
Members normal contributions		18,240
Members' additional contributions (voluntary)		4,560
Pensions	7,640	
Quoted equity investments	87,835	
Unpaid benefits		320
Unquoted equity investments	19,990	

Required:

- i) Statement of changes in the net assets for the year ended 30th June 2012 (6marks)
- ii) Statement of Net Assets as at 30th June 2012. (6marks)