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TLC

(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

**2017/2018 ACADEMIC YEAR
FOURH YEAR, SECOND SEMESTER**

MAIN EXAMINATION

FOR THE DEGREE IN BACHELOR OF COMMERCE

COURSE CODE: BCA 346

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE: 08/01/2018

TIME: 9.00 A.M – 11.00 A.M

INSTRUCTIONS TO CANDIDATES

- **Answer Question ONE and ANY another TWO**
- **Time allowed is Two (2) Hours**
- **Do not write anything on the question paper**

Q1. (Compulsory)

a)

Public sector accounting is necessary because of the central role it plays both politically and in economic terms. The International Public Sector Accounting standards (IPSAS) prescribe minimal characteristics for public sector entities;

Required;

- i) List and explain THREE features of public sector entities [6 marks]
- ii) Explain the information needs of public sector accounting information users [4 marks]

b)

The approved estimates and actual expenditure details of the Ministry of Agriculture for the year 2016/2017 were as follows:

CODE	Details	Approved estimates Kshs	Actual Expenditure Kshs
000	Personal emoluments	123,280	97,520
050	House Allowance	19,550	14,260
080	Passage and Leave	41,040	667
100	Travelling and accommodation	1,334	1,656
110	Transport and maintenance	16,100	13,593
120	Postal and Telecom expenses	4,600	3,312
190	Miscellaneous charges	17,480	16,882
196	Training expenses	5,980	4,738
230	Purchase of equipment	21,000	39,800
620	AIA (Realised income)	1,000	5,560

In line IPSAS – 28 Budget presentation for public entities prepare a statement of budget comparison of actual amounts and budgeted amounts. [10 marks]

SECTION B (CHOOSE ANY TWO QUESTIONS)

Q2.

The following data were taken from the accounting records of the Mackinon Raod Town of kwale county , Fund after the accounts had been closed for the fiscal year ended 30 Sept 2016

Balances	Balances		Fiscal Year 2016		Changes
	1 October 2015	Debit Sh.	Credit Sh.	30 Sept. 2016 Sh.	
Assets Sh.					
Cash 180,000		955,000	880,000	225,000	
Taxes Receivable		20,000	809,000	781,000	48,000
Estimated uncollected tax		(4,000)	6,000	9,000	(7,000)
Liabilities, Reserves & Funds					
Balances:					
Vouchers payable		44,000	880,000	889,000	53,000
Due to intra governmental Service fund		2,000	7,000	10,000	5,000
Due to Debt Service Fund		10,000	60,000	10,000	50,000
Reserve for encumbrances		40,000	40,000	47,000	47,000
Fund balance		100,000	20,000	61,000	141,000

The following additional data is available:

- (i) The budget for fiscal year 2016 provided for estimated revenues of Sh.1,000,000 and appropriations of Sh.965,000.
- (ii) Expenditure totalling sh.895,000 in addition to those chargeable against Reserve for Encumbrances, were made.
- (iii) The actual expenditure chargeable against Reserve for Encumbrances was Sh.37,000.

Required:

Show journal entries to record the above transactions in the books of Town of Ole Meka General Fund. [20 marks]

Q3.

- (a) Distinguish between Commitment Accounting and Fund Accounting in relation to Public Sector Accounting (8 marks)
- (b) The Appropriation Account of the Government of the Republic of Kenya for 2015/2016 presented to Paliament in January 2016 included the following accounts for the Provincial Hospitals managed by the Ministry of Health.

Estimated 2015/2016

Gross Expenditure	Income	Net Expenditure	
Current Expenditure/Income	25,401,000	880,000	24,521,000
Other direct costs	357,000	-	357,000
Capital Expenditure	<u>1,012,000</u>	-	<u>1,012,000</u>
<u>26,770,000</u>	<u>880,000</u>	<u>25,890,000</u>	

Actual 2015/2016

Gross Expenditure	Income	Net Expenditure	
Current Expenditure/Income	26, 593, 465	920,951	25,672,194
Other direct costs	334,692	-	334,692
Capital Expenditure	<u>1,082,683</u>	-	<u>1,012,000</u>
<u>28,010,520</u>	<u>920,951</u>	<u>27,089,569</u>	

Required

Discuss the usefulness of these published accounts from the point of view of:

- (i) A Member of Parliament. (3 marks)
- (ii) A taxpayer. (3 marks)
- (iii) A patient of one of the hospitals. (3 marks)
- (iv) A creditor to one of the hospitals. (3 marks)

(Total: 20 marks)

Q4.

The approved estimates and actual expenditure details for the Ministry of Planning and Development for the year 2015/2016 were as follows:

	Sh.	Sh.
Personal emoluments	14,793,600	11,702,400
House allowances	2,346,000	1,711,200
Passage and leave	4,024,800	80,040
Traveling and accommodation	160,080	198,720
Transport and maintenance	1,932,000	1,631,160
Postage and telephone expenses	552,000	397,440
Miscellaneous charges	2,097,600	2,025,840
Training expenses	717,600	568,560
Purchase of equipment	2,520,000	4,776,000
Appropriations in Aid	120,000	667,200

The ministry made four equal withdrawals from the exchequer in July 2015, October 2015, January 2017 and May 2017. In total, the ministry had withdrawn Sh.24,000,000 by the year end.

Required:

- (i) The General Account of Vote. (2 marks)
- (ii) The Exchequer Account (1 mark)
- (iii) The Paymaster General Account. (2 marks)
- (iv) Statement of assets and liabilities as at 30 June 2002. (3 marks)

(Total: 20 marks)

Q5.

- a) In the context of accounting and financial reporting for the public sector define the term "fund" (5 marks)
- (b) Write explanatory note on the specific funds falling under each of the categories listed below:
- (i) Governmental funds; (3 marks)
 - (ii) Proprietary funds; (2 marks)
 - (iii) Fiduciary funds. (2 marks)
- (c) For each of the three categories listed in (b) above, explain how the accounting practice adopted for each is guide by:
- (i) Accruals basis of accounting; (3 marks)
 - (ii) Budgets and budgetary control. (3 marks)
- (Total: 20 marks)**