



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR

**SECOND YEAR FIRST SEMESTER
MAIN EXAMS**

**FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

COURSE CODE: MBA 824 E

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE: 8TH JUNE, 2022

TIME: 9.00AM - 12 NOON

INSTRUCTIONS TO CANDIDATES

1. Answer Question One in Section A and Any other THREE (3) Questions in Section B
2. Question **one** carries **40** marks and each of the other THREE questions carry **20** marks each

TIME: 3 Hours

QUESTION ONE

- a) Demonstrate succinct understanding of public sector organization (2 marks)
- b) Highlight the differences between public sector and private sector (6 marks)
- c) Budgetary Accounting refers to preparation of operating accounts in form of budgets usually based on forecasted cash flows. In line with this what are the aims of budgetary Accounting. (6 marks)
- d) Highlight users of public sector financial information and the relevance of this information (4 marks)
- e) Explain the need of appropriation account (4 marks)
- f) Distinguish between commitment accounting and cash accounting (3 marks)
- g) Parliament has a number of committees show your understanding of committee of ways and means and indicate its functions (4 marks)
- h) What is the role of general income statement in corporative societies (6 marks)
- i) Highlight the kind of information provided by economic report of cooperatives (5 marks)

(Total 40marks)

QUESTION TWO

- a) The following balances were extracted from the books of Telecommunication Corporation for the year ended 31st December 2018

	DR	CR
	SHS	SHS
	(000)	(000)
Equity		75,200
General reserves surplus retained		1,278,600
Pension liability		151,300
Loans		10,253,500
Land and building	2,51,700	
Plant and machinery	10,695,900	
Motor vehicle	451,700	
Furniture and office equipment	252,750	
Investments	572,850	
Pension liability fund (cost)	271,400	
Debtor services	551,900	
Short term deposits	351,600	
Cash and bank balances	250,700	
Creditors services		1,312,400
Stock stores	545,600	
Depreciation provision for fixed assets		2,421,500
Postal revenue		451,500
Telephone revenues		1,252,800
Miscellaneous revenue		842,700
Administration expenses	254,700	
Operational expenses	670,500	
International service expenses	845,700	
Miscellaneous expenses	421,500	
Maintenance expenses	78,200	
Loan interests	372,800	
	<u>19,039,500</u>	<u>19,039,500</u>

Additional information

Provisions are to be made as under:-

- i. Depreciation sh. 453,400,000
- ii. Pension liability sh. 175,600,000
- iii. Provision for corporation tax: sh. 535,400,000
- iv. Dividends sh. 238,500,000

Prepare revenue account, net revenue account of Telecommunication Corporation for the year Ended 31st December 2018 and balance sheet on that date. (16 Mrks)

- b) Explain the provisions of section 14 of the State Corporation Act(4 Mrks)

QUESTION THREE

code		Dr £	Cr £
630	Rent of building/equipment	-	807456
631	Rent of land	-	3796205
651	Aviation landing fees	-	3542221
652	Airport passenger tax	-	3991029
670	Other airport receipts	-	798144
	Payment of revenue to exchequer	13288687	-
		13288687	13288687

The following

ng is a trial balance for revenue head 180- 140Airport revenue for the year ended 30th June 2017

The following additional details are made available

Balance 30-6-2017 2,568,242
Estimated receipts for the year

630	1,000,000
631	2,500,000
651	3,000,000
652	3,600,000
690	1,100,000

Required

- Statement of revenue 30-6-2017 (10 Mrks)
- Appropriate footnotes for material differences (10Mrks)

QUESTION FOUR

- Distinguish between Appropriation ac and Appropriation in Aid (4 Mrks)
- Consider the following for the ministry of tourism for 2016/2017

Gross estimated expenditure	680,000
Loss estimated A/A	<u>40,000</u>
Net estimates	640,000

Drawing from exchequer	530,000
Actual A/A	30,000
Actual expenditure	490,000

Required:

- The general Account of Vote Account (GAV A/C)
- The exchequer account
- Cash account
- Statement of Assets and liabilities

(16Mrks)

(Total 20Mrks)

QUESTION FIVE

a) Describe the procedure followed in Governmental accounting up to the Public Accounts Committee stage (10mrks)

b) The following cash transactions (cash) took place for a government unit for the month of January 2018

02/01/2018 Opening balance: Cash 4,000 Bank 25,000

02/01/2018 Received cheque in respect of trading license 62,500

03/01/2018 Paid Peter and Sons (cheque for goods supplied) 20,000

05/01/2018 Cash received in respect of fees 2,500

05/01/2018 Paid telephone charges (cheque) 8,700

06/01/2018 Paid AB Ltd by cheque 52,000

06/01/2018 Paid cash to James Burton 2,800

08/01/2018 Received cheque for Licenses 210,000

09/01/2018 Paid wages in cash 5,000

10/01/2018 kept a cash balance 10,000 and banked rest together with all the cheques in hand.

Required: Prepare a cash book for the governmental unit. (10MRKS)

(Total 20 Mrks)