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(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2020/2021 ACADEMIC YEAR

**THIRD YEAR FIRST SEMESTER
MAIN EXAMS**

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCA 312

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE: 12TH JULY ,2021

TIME: 2.00PM - 4.00PM

INSTRUCTIONS TO CANDIDATES

Answer Question One and any other Two (2) Questions

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

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- (a) You have just been posted to the Office of the Accountant General Expenditure Unit. The Unit is responsible for the consolidation of Government accounts. You have been asked to analyze the information given below in the Trial Balance of the Consolidated Fund for the year ended 31 December, 2017.

	Debit	Credit
	K'Million	K'Million
Salaries - Superscale	6,760	
Salaries - Div I & II	2,010	
Salaries - Div III	230	
Administrative cost	3,350	
Conferences & seminars	1,260	
Foreign travel	750	
Social benefits	1,040	
Domestic debt interest	1,450	
External debt Interest	1,740	
Purchase of vehicles	250	
Purchase of equipment	410	
Construction of infrastructure	560	
Cash and bank	2,470	
PAYE		7,330
Corporation tax		5,010
VAT		2,320
Fines		150
Fees		310
Fuel Levy		700
Grants		430
Treasury bills		11,120
Bonds		13,460
Euro Bond		7,460
Bilateral & multilateral debt		19,660
Other expenditure	910	
Accumulated Fund	44,760	
	67,950	67,950

Required:

- (i) Define the following terms as used in Public Sector Accounting and give two (2) example of each classification.
1. Financial Assets (3 marks)
 2. Non – Financial Liabilities (3 marks)
- (ii) Using Cash Basis IPSAS of Accounting, outline mandatory disclosure requirements for presentation of financial statements. (4 marks)
- (iii) Using the information from the Trial Balance prepare Statement of Financial Performance for the Consolidated Fund for the year ended 31 December 2017. (20 marks)

QUESTION TWO

- a) The following balances were extracted from the books of Telecommunication Corporation for the year ended 31st December 2016

	DR	CR
	SH.	SH.
	(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: -

- a) Depreciation sh. 453,400,000
- b) Pension liability sh. 175,600,000
- c) Provision for corporation tax: sh. 535,400,000
- d) Dividends sh. 238,500,000

Prepare revenue account, net revenue account of Telecommunication Corporation for the year Ended 31st December 2016 and balance sheet on that date. (16 Marks)

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

QUESTION THREE

		Dr	Cr
code		Sh.	Sh.
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 is a trial balance for revenue head 180- 140 Airport revenue for the year ended 30th June 2017.

The following additional details are made available

	Sh.
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 Marks)
 Appropriate footnotes for material differences (15Marks)

QUESTION FOUR

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

	sh.
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

- i. The general Account of Vote Account (GAV A/C)
- ii. The exchequer account
- iii. Cash account
- iv. Statement of Assets and liabilities

(16Marks)

(Total 20Mrks)

QUESTION FIVE

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

b) The estimates and expenditure details relating to the ministry of social science as at to June 2017 were as follows

	Original estimates Sh. '000	Actual estimates Sh. '000
000 – personal endowment	260,000	280,000
050- house allowances	40,000	36,000
080-passage and leave	20,000	19,000
110-travelling expenses	51,000	56,000
140-Electricity and water	3,000	14,000
220- purchase of plant and equipment	110,000	90,000
Appropriation in aid	40,000	34,000

Supplementary estimates authorized during the year were as follows

000-personal endowments sh. 26,000,000

110-travelling expenses (reduced) (sh. 5,000,000)

Required:

Prepare Appropriation accounts for the year ended 30 June 2017, showing the net surplus to be surrendered to the exchequer (10 Marks)

(Total 20 Marks)