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(Knowledge for Development)  
**KIBABII UNIVERSITY**

**UNIVERSITY EXAMINATIONS**  
**2021 / 2022 ACADEMIC YEAR**  
**THIRD YEARS FIRST SEMESTER**  
**MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF BUSINESS  
MANAGEMENT**

**COURSE CODE: BBA312**

**COURSE TITLE: GOVERNMENT ACCOUNTING**

**DATE: 20<sup>TH</sup> MAY, 2022 TIME: 9.00AM – 11.00AM**

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**INSTRUCTIONS TO CANDIDATES**

1. Answer Question One in Section A and Any other TWO (2) Questions in Section B
2. Question **one** carries **30** marks and each of the other two questions carry **20** marks each.

TIME: 2 Hours

### QUESTION ONE

- a) The diverse nature of government's operations and the necessity of determining legal compliance preclude a single set of accounts for recording and summarizing all the financial transactions. Instead, the required accounts are organized on the basis of funds, each of which is completely independent of any other. Each fund must be so accounted for that the identity of its resources, obligations, revenues, expenditures, and fund equities is continually maintained. In relations to this statements. Explain
- i) The three major elements of financial statement required (6 marks)
- ii) Characteristics of financial information to account for that identity (5 marks)
- b) The International Federation of Accountants' International Public Sector Accounting Standards Board (IPSASB) develops accounting standards for government entities referred to as International Public Sector Accounting Standards (IPSASs). Discuss its objective (4 marks)
- c) The following transactions (cash) took place for a government unit for the month of January 2021

	<b>Sh.</b>
02/01/2021 Opening balance:	Cash 3,000 Bank 35,000
02/01/ Received cash in respect of trading license	52,500
04/01/ Paid Onani and Sons (cheque for goods supplied)	29,000
06/01/ Cash received in respect of fees	2,600
06/01/ Paid telephone charges (cheque)	8,700
07/01/ Paid AB Ltd by cheque	62,000
08/01/ Paid cash to James Burton	2,600
08/01/ Received cheque for Licenses	211,000
09/01/ Paid wages by Cheque	10,000
11/01/ Kept a cash balance 9,000 and banked the rest togetherwith bycheques.	

**Required:** Prepare a cash book for the governmental unit (15 marks)

**(Total 30marks)**

### QUESTION TWO

- a) Under government accounting, ledgers are substituted with an equivalent called the vote book. In this book, various accounts are opened to various expenditure heads and sources of revenue. Explain the common head numbers to include. (4 marks)

- b) Vote head – Ministry of Public Works

A I E (Authority to incur expenditure) No. 220 – 25.

A I E (Authority to incur expenditure) Ksh. 60,000 (or Ksh100,000)

#### **Transactions (Dec 2020)**

1 Dec Ordered for iron sheets and cement from Ton & Co. for Sh.25,000; L.P.O. No. 5213

8 Dec Paid Sh.3,000 for lorry hire to transport cement; PV No. 357

#### **Transactions (Jan 2021)**

10 Jan Paid Ton & Co. Sh.25, 000 being part payment for goods ordered through LPO No. 5213;PV No. 358.

15 Jan Purchased goods from AB & Co. for Sh.5,000 (timber); PV No. 359



20 Jan Issued LPO No. 5214 to Patel & Sons for windows and doors for Sh.15,000  
Required. Prepare financial statements for the year (10marks)

c) Explain the differences between exchequer accounts and paymaster accounts(6 marks)

**(Total 20marks)**

### QUESTION THREE

a) Write notes on the following terms as used in government accounting

- i) Control of public funds (2Marks)
- ii) Intergovernmental budget (2Marks)
- iii) Trust funds (2Marks)
- iv) County treasury (2Marks)
- v) Fund accounting (2Marks)

b) During a budget speech, the Minister for Finance will give detailed appropriations (allocations) of funds to different governmental units. Through an appropriation bill, The Parliament will approve different estimates to individual governmental units. Discuss the role of council of Governors in County Financial Management under. (10 mark)

**(Total 20marks)**

### QUESTION FOUR

a) What do you understand by General Account of Vote (GAV) (5 marks)

b) The approved estimates and actual details of the Ministry of Culture and Social Services for the year 2019/2020 were as follows:

	ksh
Gross estimated expenditure	641,000
Estimated Appropriation-In-Aid	44,000
Drawings from exchequer	580,000
Gross Expenditure	480,000
Actual appropriations in aid	60,000
Estimated costs	37100

**Required: Prepare**

- a) The General Account of Vote (10 marks)
- b) Expenditure Accounts (5 marks)

**(Total 20marks)**

### QUESTION FIVE

a) Discuss how Commission on revenue allocation is very important in government accounting (10 marks)

b) Revenue account can represent new factors emerging during the year which were not taken into account during the previous budget. Explain differences between estimate and actual receipts required by the accounting officer in the government sector. (10 marks)

**(Total 20marks)**