



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2020/2021 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: 04/08/2021

TIME: 9.00 A.M - 11.00 A.M

INSTRUCTIONS TO CANDIDATES

Answer Question One and any other THREE (3) Questions

TIME: 3 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of Printed Pages. Please Turn Over.

QUESTION ONE

- a) Demonstrate succinct understanding of public sector organization (2 marks)
- b) Highlight the differences between public sector and private sector (4 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. (4 marks)
- d) Highlight users of public sector financial information and the relevance of this information (4 marks)
- e) Explain the need of appropriation account (2 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 (3 marks)
- i) Highlight the kind of information provided by economic report of cooperatives (4 marks)

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- 140 Airport 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

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

QUESTION FOUR

- a) Distinguish between Appropriation ac and Appropriation in Aid (4 Mrks)

- b) Consider the following for the ministry of tourism for 2016/2017

| | |
|-----------------------------|---------|
| Gross estimated expenditure | 680,000 |
| Loss estimated A/A | 40,000 |
| 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. (10MRKS)

Required: Prepare a cash book for the governmental unit.

(Total 20 Mrks)