

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE
AND TECHNOLOGY

UNIVERSITY EXAMINATION FOR BACHELOR OF
BUSINESS ADMINISTRATION

COURSE CODE ABA 304

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DURATION: 2 HOURS

INSTRUCTIONS

1. This paper consist of FIVE questions
2. Answer question 1 (compulsory) and any other two questions
3. Answer your answers on the answer booklet provided.

QUESTION ONE

- a. Explain the meaning of the following terms in relations to Public sector Accounting.
- i. Appropriation in Aid. [2mks]
 - ii. Paymaster General [2mks]
 - iii. General Account of vote [2mks]
 - iv. Exchanger Account [2mks]
 - v. Stewardship concept [2mks]
- b. i) Identify four benefits that would accrue as a result of adopting the international public sector Accounting Standards (IPSASs) [4mks]
- ii) Government expenditure is classified into recurrent expenditure and development expenditure. Citing two examples in each case, explain the two categories of expenditure. [4mks]
- iii. The international public sector standards [IPSASs] recommend the use of Accrual basis of accounting for public sector entities. Discuss the case for and against the use of Accrual basis of accounting in the public sector. [6mks]
- c. With reference to special fund accounting, briefly discuss the following;
- i. Trust funds [2mks]
 - ii. Sinking funds [2mks]
 - iii. General funds [2mks]

(TOTAL 30 MARKS)

QUESTION TWO

- a. The following account balances were extracted from the books of a pension fund for the year ended 30th June 1997.

PARTICULARS	DR	CR
Payment to members	500,000	
Members contributions		800,000
Payment for management expenses	150,000	
Interest on investment by fund		400,000
Fund Accounts	350,000	1,800,000
Cash balance [PMG]	2,000,000	
Investment Accounts	3,000,000	3,000,000

Required

Prepare an Income and Expenditure account for the year ended 30th June 1997 and a balance sheet as at that date.

[10mks]

- b. The International Accounting Standards Board has published a framework for the preparation of financial statements'. State the FIVE users of financial information and explain their information needs as per the framework.

[10mks]

[TOTAL 20 MARKS]

QUESTION THREE

The approved estimates and actual expenditure details of the ministry Foreign affairs for the year 2006/2007 were as follows.

CODE	DETAILS	K£	K£
		APPROVED ESTIMATES	ACTUAL EXPENDITURE
001	Personal emoluments	123,280	97,520
049	House allowance	19,550	14,260
070	Passage and leave	41,040	667
090	Travel &	1,334	1,656
110	Accommodation	16,100	13,593
115	Transport & Maintenance	4,600	3,312
170	Post &	17,480	16,882
190	Telecommunication	5,980	4,738
200	Miscellaneous charges	21,000	39,800
640	Training expenses	1,000	5,560
	Purchase of equipments		
	A.I.A. [Realized Income]		

The ministry made fair equal withdrawals from the exchequer in July 2006, October 2006, January 2007 and May 2007. In total, the ministry had drawn K£ 200,000 by the year end.

Required; Prepare

- i. Appropriation account for the year ended 30th Jun 2007. [10mks]
- ii. The Exchequer Account. [2mks]
- iii. The Paymaster General Account [PMG]. [2mks]
- iv. The General Account of vote. [2mks]
- v. Statement of Assets and Liabilities as at 30th June 2007. [4mks]

[TOTAL 20 MARKS]

QUESTION FOUR

The following balances were extracted from the books of Kenya Railways Corporation for the year ended 31st December 1980.

PARTICULARS	Trial Balance	
	DR KSH.'000''	CR KSH.'000''
Equity		72,200
General Reserve Retained Surplus		1,278,600
Pension liability fund		151,300
Loan		10,253,500
Land & buildings	2,451,700	
Plant & machinery	10,695,900	
Motor vehicles	451,700	
Furniture of office equipment	252,750	
Investment	572,850	
Pension Liability fund [cost]	271,400	
Debtors [services]	551,900	
Short term deposits	351,600	
Cash and bank balances	250,700	
Creditors [services]		1,312,400
Stock	545,600	
Dep.provision for fixed assets		2,421,500
Postal revenue		451,500
Telephone revenue		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 interest	372,800	
	19,039,500	19,039,500

Additional information

Provisions are to be made as under;

- i. Depreciation shs.453,400
- ii. Pension liability shs.175,600
- iii. Provision for corporation tax shs.535,400
- iv. Dividend shs.238,500

Required; Prepare

- a. The Revenue Account
- b. The Net Revenue Account
- c. A balance sheet of Kenya Railways Corporation for the year ended 31st December 1980

[TOTAL 20 MARKS]

QUESTION FIVE

- a. Distinguish between commitment Accounting and fund Accounting in relation to public sector Accounting. [4mks]
- b. Describe FIVE objectives of public sector Accounting. [10mks]
- c. Explain THREE major sources of government Revenue. (6 mks)