

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

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**University Examinations 2015/2016**

THIRD YEAR, SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE

**BFC 3376: PUBLIC SECTOR ACCOUNTING**

**DATE: AUGUST, 2016 TIME:** $2 $**HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Define the term public sector and explain its characteristics . (6 Marks)
2. State –owned enterprises should comply with new governance requirements established by the Public Enterprise Monitoring Board which requires that the financial accounts should be produced annually within three months of the year-end, in accordance with good accounting practice. Discuss the accounting principles. (4 Marks)
3. The following balances have been extracted from the books of MERU Local Government Treasury, for the month ended 31 March 2014:

Reserve Fund 33,500

Cash on hand 53,000

Bank Overdraft 5,700

Revenues (recurrent/capital) 158,500

Expenditures (recurrent/capital) 125,390

Loans 200,000

Deposits into (the L.G.C Treasury) 23,450

Advances (granted by L.G.C) 25,560

Investments 15,200

Suspense Accounts 202,000

Required:

Prepare a trial balance for the month ended 31 March, 2014. (10 Marks)

1. Compare and contrast Private and Public Sector Accounting. (10 Marks)

**QUESTION TWO (20 MARKS)**

a) Explain the main purposes of Public Sector Accounting. (5 Marks)

b) SWAMI LOCAL GOVERNMENT had the following ledger balances in respect of Egu Awon Memorial than Fund as at 31 December, 2007:

 DR CR

Cash 8,400

Loan Receivable 316,000

Investments 202,000

Fund Balance 526,400

Balance c/d 526,400 526,400

During the year 2008, the following transactions took place:

1. Investments costing 461,600,000 were sold for 463,800,000
2. 461,400,000 cash was received from the repayment of loans.
3. 145,000,000 was received from the family of a former student in fill payment of a loan which had earlier been written off.
4. 483,600,000 was issued out as loan during the year.
5. A loan of 41,500,000 was written off as un-collectable.
6. A contribution of 46,000,000 in cash was received as gift from a former borrower.

Required:

1. Open the ledger accounts and record the year 2008 transactions. (5 Marks)
2. Extract a trial balance and prepare the balance sheet of the Fund as at 31/12/2008

(5 Marks)

1. Prepare a statement of changes in the fund balance. (5 Marks)

**QUESTION THREE (20 MARKS)**

1. Analyse the various sources of revenue payable to Consolidated Revenue Fund.(8 Marks)
2. Discuss Fund accounting showing the different types of fund in the public sector .(7 Marks)
3. Explain vital tools for the efficient implementation of the budget and show how they function. (5 Marks)

**QUESTION FOUR (20 MARKS)**

1. Explain the importance of revenue control techniques and identify the various types of controls exercised over government expenditure. (10 Marks)
2. The following balances have been extracted from the books of Akinyele Local Government Treasury, for the month ended 31 March, 2015.

Reserve Fund 33,500

Cash on hand 53,000

Bank Overdraft 5,700

Revenues (recurrent/capital) 158,500

Expenditures (recurrent/ capital) 125,390

Loans 200,000

Deposits into (the L.G.C Treasury) 23,450

Advances (granted by L.G.C) 25,560

Investments 15,200

Suspense Accounts 202,000

You are required to prepare a trial balance for the month ended 31 March, 2015. (10 Marks)

**QUESTION FIVE (20 MARKS)**

1. State the financial controls and problems of a Local Government Council. (5 Marks)
2. The Ministry of Commerce & Industries in Kwara State of Nigeria is about to prepare its 2010 Budget for submission to the State Budget Department. The Permanent-Secretary of the Ministry made available to you the following information in respect of the personnel costs.

Job Title Number (in post) Grade level (GL) Salary (Shs)

Director of Commerce - 17 60,000 x 20,000

Deputy Director of Commerce 2 16 55,000 x 18,000

Assistant Director of Commerce 3 15 50,000 x 15,000

Chief Accountant 4 14 45,000 x 12,000

Assistant Chief Accountant 5 13 40,000 x 10,000

Principal Accountant 4 12 35,000 x 9,000

Senior Commercial Officers 8 10 30,000 x 8,000

Commercial Officer 1 5 09 25,000 x 7,000

Commercial Officer II 10 08 20,000 x 6,000

Principal Trade Officer 12 10 30,000 x 8,000

Senior Trade Officer 10 09 25,000 x 7,000

Higher Trade Officer 12 08 20,000 x 6,000

Executive Trade Officer 15 07 15,000 x 5,000

Assistant Executive Trade officer 18 06 12,000 x 4,000

Clerical Officer 25 04 10,000 x 3,000

Assistant Clerical Officer 20 03 8,000 x 2,000

Office Assistant 5 03 8,000 x 2,000

Drivers 10 03 8,000 x 2,000

Cleaners 12 03 8,000 x 2,000

The following relevant information is also available.

1. All the salary levels shown above are step one of the grades and it is the Ministry’s policy to prepare personnel cost budget based on step 4 of the grade level.
2. One Deputy Director, two Assistant Directors, one Chief Accountant are due for promotion during the budget year.
3. During 2010, four senior commercial officers will be employed to strengthen the Commercial Division.
4. Staff allowances constitute 40% of staff salary.

You are required to prepare in summary form, personnel cost budget for the Commerce Division of the Ministry. (15 Marks)