

MACHAKOS UNIVERSITY

University Examinations for 2020/2021Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING BANKING AND FINANCE

FIRST YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF ARTS (PUBLIC ADMINISTRATION)

APP 100: FUNDAMENTAL OF PUBLIC SECTOR ACCOUNTING

DATE: 21/6/2021 TIME: 2.00-4.00 PM

INSTRUCTIONS:

Answer question one and any other two questions.

QUESTION ONE (20 MARKS)

- a) Kenya's public sector accounting is regulated by constitutional and regulatory framework.

 Discuss six of these regulatory framework put in place in Kenya. (12 marks)
- b) Explain the concept of the following as applied in public sector accounting:

i. Accounting Theory

(4 marks)

ii. Consolidated Fund

(4 marks)

- c) Public sector has its own objectives and serves its own users as opposed to private sector. You are required to:
 - i. Explain five objectives of public sector accounting

(5 marks)

ii. Identify four users of public sector accounting information

(5 marks)

The following information relates to a governmental unit for the fiscal year 2019/2020.

Gross estimates:

KES.720,000

Appropriation-In-Aid

KES.90,000

estimated:

Drawings from the exchequer

KES.450,000

Actual gross expenditure

KES.520000

Actual appropriation-in-aid

KES.120,000.

Required:

Prepare the following accounts:

i.	General Account of vote (GAV)	(4 marks)
ii.	Exchequer A/C	(4 marks)
iii.	PMG A/C	(4 marks)

SECTION B

QUESTION TWO (20 MARKS)

- a) Discuss any five distinguishing factors of government accounting. (10 marks)
- b) The following cash transactions (cash) took place for a government unit for the month of January 2020

		Sh.			
02/01/2020	Opening balance: Cash	4,000			
	Bank	25,000			
02/01/2020 Receiv	ved cheque in respect of trading license	62,500			
03/01/2020 Paid F	Peter and Sons (cheque for goods supplied)	20,000			
05/01/2020 Cash i	received in respect of fees	2,500			
05/01/2020 Paid to	elephone charges (cheque)	8,700			
06/01/2020 Paid A	AB Ltd by cheque	52,000			
06/01/2020 Paid c	eash to James Burton	2,800			
08/01/2020 Received cheque for Licenses 210,00					
09/01/2020 Paid w	rages in cash	5,000			
10/01/2020 Kej	pt a cash balance 10,000 and banked rest together				
with all cheques in hand.					

Required: Prepare a cash book for the governmental unit (10 marks)

QUESTION THREE (20 MARKS)

a) Give four features of a Vote book

(8 marks)

b) The following is the Vote head of the Ministry of Public Works

A I E (Authority to incur expenditure) No. 225 - 35.

A I E (Authority to incur expenditure) Ksh100,000

Transactions (Dec 2018)

1st Dec Ordered for iron sheets and cement from Ton & Co. for Sh.25,000;

L.P.O. No. 5213

6th Dec Paid Sh.3,000 for lorry hire to transport cement; PV No. 357

Transactions (Jan 2019)

10th Jan Paid Ton & Co. Sh.15, 000 being part payment for goods ordered through LPO No.

5213; PV No. 358.

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

20th Jan Issued LPO No. 5214 to Patel & Sons for windows and doors

for Sh.20,000. 25 Jan Part payment to Patel & Sons Sh.7,000; PV

No. 360.

Required:

Prepare a vote head accounts from the above details

(12 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the following public sector accounting terminologies
 - i. Cash Basis
 - ii. Accrual Basis

iii. Commitment Basis

(6 marks)

b) The approved estimates and actual details of the Ministry of Culture and Social Services for the year 2018/2019 were as follows:

Gross estimated expenditure Ksh. 640,000
Estimated Appropriation-In-Aid Ksh.40,000
Drawings from exchequer Ksh.530,000
Gross Expenditure Ksh.480,000
Actual appropriations in aid Ksh.30,000

Required: Prepare a statement of assets and liabilities as at 30-6-2020

(14 marks)

QUESTION FIVE (20 MARKS)

Briefly discuss the following terms as used in public sector accounting

a)	Public Sector	(5 marks)
b)	Accounting	(5 marks)
c)	Public Sector Accounting	(5 marks)
d)	Fund Accounting	(5 marks)