



# MACHAKOS UNIVERSITY

University Examinations 2021/2022 Academic Year

SCHOOL OF BUSINESS, ECONOMICS, HOSPITALITY AND TOURISM MANAGEMENT

DEPARTMENT OF BUSINESS ADMINISTRATION AND FINANCE

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BAC 410 PUBLIC SECTOR ACCOUNTING

DATE: 29/8/2022

TIME: 2.00-4.00 PM

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## INSTRUCTIONS

*Answer Question on Section A And Any Other Two Question In Section B*

### SECTION A

#### QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Discuss the objectives of public sector accounting as contained in Public Financial Management Act (6 marks)
- b) Discuss the bases that guide the preparation of public sector accounting statements in your country. (6 marks)
- c) Spell out the functions of the director of budget in the county government. (6 marks)
- d) Explain using relevant examples how county governments in Kenya generate their incomes (6 marks)
- e) Discuss the duties of the revenue collector of the National Government (6 marks)

## **SECTION B**

### **QUESTION TWO (20 MARKS)**

You work for Machakos County Treasury which has an authorized imprest of Ksh. 150,000.

The following transactions took place during the month of November 2021:

November 1: Opening Balances- Cash Ksh. 30,000

Bank Ksh. 120,000

November 2: Received a cheque of Ksh. 6,000 in respect of motor vehicle parking fee

November 5: Paid telephone expenses Ksh. 650 in cash

November 6: Received cash in respect of trade licenses Ksh. 5,000

November 7: Paid a cheque of Ksh. 7,500 for mileage claims by various officers

November 9: Received a cheque of Ksh. 4,000 from ABC Cinema in respect of entertainment

November 10: Paid Ksh. 10,000 for fuel in cash

November 11: Paid Ksh. 15,000 in respect of newspaper advertisement by cheque

November 12: Received a cheque of Ksh. 20,000 in respect of bill-board advertisement

November 15: Paid Ksh. 3,500 in cash for office stationary

November 16: Paid a cheque of Ksh. 12,000 for street lights repairs

November 20: Paid for motor vehicle repairs Ksh. 30,000 by cheque

November 21: Received Ksh. 80,000 cash from motor vehicle parking fees

November 25: Received Ksh. 4,000 from AB Ltd in cash

November 26: Paid Ksh. 1,000 cash for postage

November 27: Paid Ksh. 40,000 for wages and salaries by cheque

November 29: Paid Ksh. 12,350 in cash for road repairs

November 30: Kept cash balance of Ksh. 2,500 and banked the rest of the cash.

From the above transactions you are required to prepare a cash book for the county treasury

### **QUESTION THREE (20 MARKS)**

“Public sector organizations are owned and controlled by the Central or County Governments. Several criteria are used to determine whether a particular organization in any political jurisdiction belongs within the public sector” Discuss these criteria.

**QUESTION FOUR (20 MARKS)**

The following transactions were extracted from the books of Universal State College for the month of November, 2021:

Transaction	Ksh.
College fees	150,000
Donations	40,000
Rent on college hall	15,000
Management expenses	20,000
Purchase of college van	50,000
Purchase of sports equipment	10,000
Travelling expenses	5,000
General expenses	6,000
Postage	2,000
Salaries and wages	22,000

**You are required to prepare:**

- a) Receipts and payments account (10 marks)
- b) Income and expenditure account (10 marks)

**QUESTION FIVE (20 MARKS)**

Discuss the role and functions of the treasury and its relationship with other government departments, in planning and controlling government expenditure