



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE BACHELOR OF BUSINESS
ADMINISTRATION WITH IT (ACCOUNTING OPTION)
3RD YEAR 1ST SEMESTER 2022/2023 ACADEMIC YEAR
MAIN CAMPUS REGULAR

COURSE CODE: BAB 1305

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

EXAM VENUE:

DATE:

DURATION: 2 HOURS.

INSTRUCTIONS

- a) Answer QUESTION ONE and any other TWO questions**
- b) Show ALL your workings and be as NEAT as possible**
- c) Candidates are advised not to write on the question paper**
- d) Marks allocated to each question are shown at the end of the question.**

QUESTION ONE

The National Treasury established by the constitution of Kenya 2010 and drawing its mandate from the Public Finance Management Act 2012 and the Executive order No. 2/2013, explain five major functions it plays in relation to source and application of Public funds in Kenya.

(10Marks)

b) The following are extracts from the trial balance for revenue head No. 350, Kenya Pipe line revenue collection for the year ended 30th June 2022:

Code	Details	Dr(£)	Cr (£)
630	Renting building and equipment		807,456
631	Rent from land		3,796,205
651	Aviation landing fee		3,542,221
652	Airport passenger tax		3,991,029
670	Other airport receipts		798,144
	Payment of revenue to exchequer	13,288,687	

The following additional details are made available:

Balance in hand at 30th June 2021 £2,568,242.

Estimated receipts for the year:

CODE	AMOUNT
630	£1,000,000
631	£2,500,000
651	£3,000,000
652	£3,600,000
670	£1,100,000

Required:

- A statement of revenue for the year ended 30th June 2020 **(6Marks)**
- Give appropriate footnotes for material differences between estimates and the actual receipts **(4Marks)**

c) Explain the relevant Criteria for identifying marginalized counties for the purposes of Equalization Fund citing appropriate examples in each case **(6 marks)**

- d). Outline four challenges the Office of Auditor General and controller of Budgets face in discharge of their oversight roles on Public funds in Kenya **(4 Marks)**

QUESTION TWO

- a) The **Office of Controller of Budget of Kenya** is an Independent Office established under Article 228 of The Constitution of Kenya 2010 with the core mandate being to oversee implementation of the budgets of the National and County Governments. Explain clearly giving a relevant example in each case the following roles: **Controlling, Reporting, investigative and public sensitization** as provided for in the Kenya Constitution 2010. **(12 Marks)**
- b) On 1 January 2017, Mashinani County Education Department purchased a printing machine at a cost of sh. 50 million. The department estimated that the useful life of the machine would be 10 years. On 31 December 2021, it was reported that an automated feature on the machine's function did not operate as expected, resulting in a 30% reduction in the machine's annual output over the remaining five years of its useful life. The cost of a new printing machine was sh. 55 million as at 31 December 2021.

Required: The impairment loss as at 31 December 2021 using the service units approach. **(5 marks)**

QUESTION THREE

- a) Distinguish between the following terms as used in public sector accounting Budgetary accounting and accrual accounting giving appropriate example in each case **(4 Marks)**
- b) Assume that the approved estimates and actual expenditure details of the Ministry of Trade for the year 2021/2022 were as follows:

Detail	Amount Ksh
Gross estimates	3,528,000.00
	-
Appropriation-In-Aid estimated: Ksh	504,000.00
	-
Drawings from the exchequer	2,520,000.00
	-
Actual gross expenditure	2,912,000.00

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Actual appropriation-in-aid	672,000.00

Required:

- i) The general account of vote. **(3Marks)**
- ii) The exchequer account. **(3Marks)**
- iii) The PMG account. **(3Marks)**
- iv) Statement of assets and liabilities as at 30th June 2020. **(4 Marks)**

b). Based on the requirements of **IPSASs, PFM ACT,2012 (8) and Kenya Constitution 2010 (Article 201)**, three oversight institutions on the use of public funds. **(3Marks)**

QUESTION FOUR

a) Outline the role played in Government accounting by:

- i) The Public Accounts committee. **(3 Marks)**
- ii) Public Investments committee. **(3Marks)**

b) The following data has been collected from the Ministry of Trade for the fiscal year ended 30 June 2022.

Details	Sh. “000”
Reserves	43,200
Accumulated surpluses as at 1 July 2021	18,000
Cash and cash equivalents	12,000
Receivables	4,800
Inventory	2,400
Transfer from exchequer	60,000
Fees, fines and licenses	12,000

Revenue from exchange transactions	2,400
Transfers from other ministries	1,200
Other revenue	14,400
Payables	12,000
Land, Buildings and Furniture	84,000
Computer equipment and Motor vehicles	12,000
Wages and salaries	24,000
Transfer to other ministries	12,000
Supplies and consumables used	9,600
Other expenses	28,800
Finance costs	2,400
Long term borrowings	24,000
Liability for long term employee benefits	4,800

Required: The following statements in accordance with IPSAS 1 (Presentation of Financial Statements).

- i) Statement of financial performance for the year ended 30 June 2022. **(8 Marks)**
- ii) Statement of financial position as at 30 June 2022. **(6 Marks)**

QUESTION FIVE

- a) a) Outline Justification for the Director of Accounting Services and Quality Assurance in Kenya **(6 Marks)**
- b) Outline four basis of revenue sharing formular **(4Marks)**
- c) Explain five emerging challenges affecting both National and County Governments in the use and accountability of Public funds. **(12Marks)**