

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMS 2013/14
BACHELOR OF BUSINESS ADMINISTRATION
ABA 304: PUBLIC SECTOR ACCOUNTING

Instructions

Time: 2 hours

Answer questions ONE and any other THREE questions.

Question One

(a) Public sector organizations have been encouraged to implement the international public sector Accounting Standards. Briefly explain five benefits that can be derived from such implementation. (10mks)

(b) The Ministry of Treasury estimated the revenue from licenses for the year ended 30th June 2011 to be as follows:

Vote head	Details	Amount (Shs in millions)
011	Trade licenses	765
012	Hotel and restaurant licenses	900
013	Export licenses	955
014	Registration of bank licenses	1050
015	Professional licenses to practices	75
016	Mining licenses	1450
017	Liquor licenses	500

During the year, Treasury introduced a new vote head 018 known as second hand clothes licences under supplement estimate number 1. The estimated revenue from the vote was shs. 450 million.

The actual revenue during the year was as follows:-

Vote head	Details	Amount (shs in millions)
011	Trade licences	875
012	Hotel and restaurant	817
013	Export licences	1403
014	Registration of bank	1110
015	Professional licences	60
016	Mining licences	1625
017	Liquor licences	-
018	Second hand clothe licences	475

Additional information

- (i) The balance of revenue from licences as at 1st July 2010 was shs. 325 million
- (ii) As at 30th June 2011 the amount of revenue from licences due to the Exchequer was shs. 124 million.

Required: Revenue account with regard to licences for the year ended 30th June 2011.

Question 2

- (a) Briefly explain the purpose of a capital project fund in the context of public sector accounting. (3mks)
- (b) The County government of Busia authorized the construction of a County Assembly Hall on 1st January 2012. The Hall was expected to cost Shs. 100,000,000. The Project was to be financed as follows:-
- Shs. 50,000,000 from 6.5% bond issue
 - Shs. 40,000,000 from Central government grant
 - Shs. 10,000,000 from the general fund

The following transaction and events took place during the year ended 31st December 2012.

- (i) The County government transferred Shs. 10,000,000 from the general fund to County Assembly Hall capital project fund.
- (ii) Planning and architects fees amounting to Shs. 4,000,000 was paid.
- (iii) The contract was awarded for Shs. 95,000,000.
- (iv) The bonds were sold for Shs. 50,200,000 and the amount of premium transferred to the debt service fund.
- (v) The contract was certified 50% complete and an invoice of shs. 47,500,000 was received from the contractor.
- (vi) The contractor was paid the invoiced amount less 10% retention.

- Required:** (i) Journal entries to record the above transactions (4mks)
- (ii) Statement revenue and expenditure of the capital project fund for the year ended 31st December 2012. (4mks)
- (iii) Statement of financial position of the capital project fund as at 31st December 2012. (4mks)

Question 3

The following balances were extracted from the books of Kesho Power and Lighting Company Ltd for the year ended 31st December 2012.

Trial balance

	DR	CR
Authorized and issued share capital		700,000
12% Debentures		450,000
Freehold Land	279,000	
Buildings	180,000	
Plant and Machinery	300,000	
Mains	240,000	
Transformers and Motors	60,000	
Meters	45,000	
Electrical Instrument	12,000	
General stores	70,500	
Office furniture	7,500	
Coal and fuel	52,500	
Oil and engine room stores	30,000	
Wages	75,000	
Repairs and replacements	30,000	
Rates	9,000	
Salaries of supervisors	60,000	
Directors fees	15,000	
Stationery, printing and advertising	18,000	
Incidental expenses	3,000	
Legal charges	6,000	
Retained surplus		50,000
Sales: By Meters		262,500
By Contractors		150,000
Meter rent		9,000
Sundry Creditors		60,000
Sundry Debtors	90,000	
Cash	99,000	
	1,681,500	1,681,500

Additional information:

- (i) Advertising has been prepaid by shs. 5,000,000
- (ii) Make provision of 5% for doubtful debts.
- (iii) Depreciation is to be charged as follows:-
 - (a) Buildings 2.5%
 - (b) Machinery 7.5%
 - (c) Transformers 10%
 - (d) Meters and electrical instruments 15%

- (e) Office furniture 10%
- (iv) Make a provision of corporation tax for Shs 7,500,000.

Required:

- (i) Revenue account and Net revenue account for the year ended 31st December 2012. (9mks)
- (ii) Balance sheet as at that date. (6mks)

Question 4

The approved Estimates and Actual Expenditure details of the Ministry of Urban development for the year 2011/2012 were as follows:-

	Shs (000)
Gross estimated expenditure	680,000
Estimated Appropriation in Aid	40,000
Net estimate	640,000
Drawings from exchequer	530,000
Gross expenditure	490,000
Actual Appropriation in Aid	30,000

Required:

- (a) (i) The General Account of Vote (G.A.V) (4mks)
- (ii) The Exchequer Account (4mks)
- (iii) Paymaster General (P.M.G) Account (4mks)
- (b) A statement of assets and liabilities as at 30th June 2012 (3mks)

Question 5

In relation to Public Sector Accounting briefly explain the meaning of the following terms.

- (i) Appropriation – In-Aid (3mks)
- (ii) Paymaster General (3mks)
- (iii) Fund Accounting (3mks)
- (iv) Commitment Accounting (3mks)
- (v) Accruals accounting (3mks)

