



**JARAMOGI OGINGA ODINGA UNIVERSITY  
OF SCIENCE & TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2012/2013**

**3<sup>RD</sup> YEAR 1<sup>ST</sup> SEMESTER EXAMINATION FOR THE DEGREE  
OF BACHELOR OF BUSINESS ADMINISTRATION WITH IT**

**(REGULAR)**

**COURSE CODE: ABA 304**

**COURSE TITLE: PUBLIC SECTOR ACCOUNTING**

**DATE: 22/8/2013**

**TIME: 9.00-11.00AM**

**DURATION: 2 HOURS**

**INSTRUCTIONS**

- 1. This paper consists of 5 Questions.**
- 2. Answer Question 1 (Compulsory) and any other 2 questions.**
- 3. Write your answers on the answer booklet provided.**

## QUESTION ONE

- a) Distinguish between Commitment Accounting and Fund Accounting in relation to Public Sector Accounting.(8mks)
- b) Outline the role played in Government accounting by:
- i. The Public Accounts Committee
  - ii. The controller and auditor general
  - iii. The government Ministries Accounting Officers. (9 mks)
- c) The independence of Internal Audit in a public sector organisation is considered to be essential to its effectiveness.( 6mks)
- d) Explain what is meant by independence in this context and give examples of circumstances which might impair independence. (7mks)

## QUESTION TWO

The county government of Westcycle's fiscal period ends on 30<sup>th</sup> June. The trial balance of the general fund as on 1 July 2007 was as follows:

	<b>Dr</b>	<b>Cr</b>
	<b>Sh '000'</b>	<b>Ksh '000'</b>
Cash Balance	12,600	
Savings A/C	66,800	
Property tax receivable	480,000	
Accounts payable		7,300
Wages payable		4,450
Fund balance	_____	<u>548,250</u>
	<u>560,000</u>	<u>560,000</u>

The operations for the year ended 30<sup>th</sup> June 2008 are summarised as follows:

- i) Estimated revenues: Ksh 2,400,000; Appropriations: Ksh 2,350,000
  - ii) Revenues from property taxes levy: Ksh 1,925,500
  - iii) Cash received from property taxes:Ksh.2,005,600; and other revenues: Ksh 485,700
  - iv) Expenditures encumbered and evidenced by purchase orders: Ksh 1,760,000
  - v) Liquidation of encumbrances and vouchers prepared for purchase order billings: Ksh 1,755,000.
  - vi) Expenditure for payroll Ksh 602,000
  - vii) Cash disbursed for vouchers: Ksh 1,740,000  
Cash for payment of wages: Ksh 598,000
- Cash transferred to savings A/C: Ksh 150,000.

**Required:**

- a) Open the ordinary accounts for the accounts appearing in the trial balance and enter the balances as at July
- b) Open 'T' accounts for: Fund balance reserves for encumbrances
  - : Estimated revenues
  - : Revenues
  - : Appropriations
  - : Expenditure
  - : Encumbrances
- c) Prepare journal entries to post the foregoing summarised operations. (20 mks)

**QUESTION THREE**

The following information relates to a governmental unit for the fiscal year 2009/2010.

Gross estimates:	Ksh 720,000
Appropriation-In-Aid estimated:	Ksh 90,000
Drawings from the exchequer	Ksh 450,000
Actual gross expenditure	Ksh 520000
Actual appropriation-in-aid	Ksh 120,000

**Required:**

- a) Prepare the following accounts:
  - i) General Account of vote (GAV) (4 MKS)
  - ii) Exchequer A/C ( 4 MKS)
  - iii) PMG A/C (4 MKS)
- b) Statement of assets and liabilities as at 30 June 2010 ( 4 MKS)

#### QUESTION FOUR

The Appropriation Account of the Government of the Republic of Kenya for 2010/2011 presented to Parliament in January 2012 included the following accounts for the Provincial Hospitals managed by the Ministry of Health.

##### Estimated 2011/2012

Gross Expenditure	Net Income	Expenditure	
Current Expenditure/Income	25,401,000	880,000	24,521,000
Other direct costs	357,000-	357,000	
Capital Expenditure	1,012,000	_____ -	1,012,000
	26,770,000	880,000	25,890,000

##### Actual 2011/12

Gross Expenditure	Net Income	Expenditure	
Current Expenditure/Income	26, 593, 1465	920,951	25,672,194
Other direct costs	334,692-	334,692	
Capital Expenditure	1,082,683	_____ -	1,012,000
	28,010,520	920,951	27,089,569

These accounts were audited by the Controller and Auditor General who issued a clean certificate of findings.

##### Required

Discuss the usefulness of these published accounts from the point of view of:

- (i) A Member of Parliament. (3 marks)
- (ii) A taxpayer. (3 marks)
- (iii) A patient of one of the hospitals. (3 marks)
- (iv) A creditor to one of the hospitals. (3 marks)

(Total: 20 marks)

#### QUESTION FIVE

- a) Compare and contrast the role of an accountant in a governmental accounting with that of an accountant in commercial accounting (8 MKS)
- b) In relation to fund accounting, explain what is meant by the following special funds and explain fully how they are operated.
  - i. Revolving funds (4 MKS)
  - ii. Trust funds( 4MKS)
  - iii. Sinking funds ( 4MKS)