



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

- a) State any **five** sources of government revenue and state whether the sources are revenue from exchange or non-exchange transactions in line with IPSAS 9 *Revenue From Exchange Transactions* and IPSAS 23 *Revenue From Non-Exchange Transactions*. (10 marks)
- b) Explain the benefits of Public Private Partnerships (PPP) to public sector organisations (5 marks)
- c) Explain the relevant Criteria for identifying marginalized counties for the purposes of Equalization Fund citing appropriate examples in each case (6 marks)
- d) With reference to IPSAS 26 (Impairment of Cash Generating Assets), explain the following terms.
- i) Value in use (2 marks)
 - ii) Recoverable amount. (2 marks)
- e) Explain the entity principle in regard to Public Sector Accounting (5 marks)

QUESTION TWO

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

Details	Sh. "000"
Reserves	18,000
Accumulated surpluses as at 1 July 2021	7,500
Cash and cash equivalents	5,000
Receivables	2,000
Inventory	1,000
Transfer from exchequer	25,000
Fees, fines and licenses	5,000
Revenue from exchange transactions	1,000
Transfers from other ministries	500
Other revenue	6,000
Payables	5,000
Land, Buildings and Furniture	35,000

Computer equipment and Motor vehicles	5,000
Wages and salaries	10,000
Transfer to other ministries	5,000
Supplies and consumables used	4,000
Other expenses	12,000
Finance costs	1,000
Long term borrowings	10,000
Liability for long term employee benefits	2,000

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. **(8 marks)**
- b) With reference to IPSAS 9 (Revenue from Exchange Transactions), summarize four conditions that must be satisfied before revenue from the sale of goods can be recognized **(4 marks)**

QUESTION THREE

- a) The following summary and receipts and payments was extracted from the records of the ministry of Treasury for the fiscal year ended 30 June 2022.

	Actual sh "billion"	Original budget sh "billion"	Final budget sh "billion"
<u>Receipts</u>			
Taxation	300	250	280
Borrowing	100	150	120
Asset disposal	200	180	210
Trading activities	100	80	90
Other receipts	200	180	190
Foreign Aid	50	40	70
<u>Payments</u>			
Health	200	250	190
Education	300	280	300
Defense	100	110	100
Housing	80	100	90
others	200	180	190

Additional Information;

- i) The Cabinet Secretary in charge of National Treasury presented the following supplementary finance bills which were approved and effected.
 - 1. Disposal of parastatal sh. 20 billion.
 - 2. Domestic borrowing sh. 30 billion
 - 3. Increase in expenditure for defence sh. 10 billion
 - 4. Reduction in expenditure for health sh. 15 billion
- ii) All other receipts and payments remained as budgeted.

Required: The statement of comparison of budget and actual amounts for the fiscal year ended 30 June 2022 in accordance with International Public Sector Accounting Standard (IPSAS) 24 (Presentation of Budget Information in Financial Statements) **(12 marks)**

- b) Your audit senior has requested you to undertake a value for money audit during the course of your audit of a public sector organization.
 - i) Explain the importance of a value for money audit in the public sector **(2 marks)**
 - ii) Summarize six common areas that an auditor would consider when undertaking a value for money audit in an organization. **(6 marks)**

QUESTION FOUR

- a) 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)**

- b) The following information was extracted from the ministry of Public Works.

Vote head – **Ministry of Public Works**

A I E (Authority to incur expenditure) No. 225 – 235.

A I E (Authority to incur expenditure) Ksh300,000

Transactions (Dec 2021)

1 Dec Ordered for iron sheets and cement from Ton & Co. for Sh.55,000; L.P.O. No. 5213

6 Dec Paid Sh.13,000 for lorry hire to transport cement; PV No. 357

14 Dec Ordered for ballast and cement from Kigeugeu. for Sh.35,000; L.P.O. No. 5215

Transactions (Jan 2022)

10 Jan; Paid Ton & Co. Sh.65, 000 being part payment for goods ordered through LPO No. 5213; PV No 358.

15 Jan Purchased goods from AB & Co. for Sh.25,000 (timber); PV No. 359

20 Jan Issued LPO No. 5214 to Patel & Sons for windows and doors for Sh.18,000.

25 Jan Part payment to Patel & Sons Sh.14,000; PV No. 360.

Required:

i) State and explain the accounting technique exhibited by this ministry. (2 marks)

ii) A vote book for the ministry clearly indicating the expendable amount (if any). (5 marks)

c) Explain the following terms as used in public sector accounting

i) General Accounts of Vote

ii) Consolidated Fund

iii) Paymaster General Account

iv) Appropriation in Aid

(8 marks)

QUESTION FIVE

a) The following information relates to a governmental unit for the fiscal year 2021/2022.

	Sh "000"
Gross estimates	720
Actual appropriation in aid	120
Drawings from exchequer	450
Appropriation in aid estimated	90
Actual gross expenditure	520

Required;

i) General Account of vote (GAV) (2 marks)

ii) Exchequer A/C (2 marks).

iii) PMG A/C (2 marks)

iv) Statement of assets and liabilities as at 30 June 2022. (3 marks)

b) Outline the role played in Government accounting by:

i) The Public Accounts committee. (2 marks).

ii) Public Investments committee. (2 marks

c) Explain and comment on the problems of measuring performance in Public sector entities (**4 marks**)

d) Explain the relevance of any three measures which may be used to assess performance in public sector services that provide education. (**3 marks**)