



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
FOURTH YEAR, FIRST SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 1st August, 2022
Time: 2.30pm –4.30pm

KAC 406 - PUBLIC SECTOR ACCOUNTING

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) The following cash transactions (cash) relates to a government unit for the month of January and December 2021
Vote head – Ministry of Public Works
A I E (Authority to incur expenditure) No. 225 – 35.
A I E (Authority to incur expenditure) K£5,000 (or Ksh100,000)
- Transactions (Dec 19X6)
1 Dec Ordered for iron sheets and cement from Ton & Co. for Sh.25,000;
L.P.O. No. 5213
6 Dec Paid Sh.3,000 for lorry hire to transport cement; PV No. 357
- Transactions (Jan 19X7)
10 Jan Paid Ton & Co. Sh.15, 000 being part payment for goods ordered through LPO No. 5213;
PV No. 358.
15 Jan Purchased goods from AB & Co. for Sh.5,000 (timber); PV No. 359
20 Jan Issued LPO No. 5214 to Patel & Sons for windows and doors for Sh.20,000.
25 Jan Part payment to Patel & Sons Sh.7,000; PV No. 360.

Required: Prepare

- i) Vote head for the governmental unit. (8 marks)
ii) Notes relating to the balances (2 marks)
- b) Highlight four objectives of Budgetary accounting (4 marks)
c) General funds and special funds are not normally used to finance capital projects. Discuss 4 Major sources of financing capital projects of a governmental unit (4 marks)
d) By giving examples in Kenya differentiate between Recurrent expenditure and Development expenditure. (6 marks)
e) Discuss the main reasons for the growth in public expenditure Kenya. (6 marks)

QUESTION TWO (20 MARKS)

- a) The approved estimates and actual expenditure details of the Ministry of Agriculture for the year 2020/2021 were as follows:

CODE	Details	Approved estimates KSHS	Actual Expenditure KSHS
000	Personal emoluments	123280	97,520
050	House Allowance	19,550	14,260
080	Passage and Leave	41,040	667
100	Travelling and accommodation	1,334	1,656
110	Transport and maintenance	16,100	13,593
120	Postal and Telecom expenses	4,600	3,312
190	Miscellaneous charges	17,480	16,882
196	Training expenses	5,980	4,738
230	Purchase of equipment	21,000	39,800
620	AIA (Realised income)	1,000	5,560

The ministry made fair equal withdrawals from the exchequer in July 2020, October 2020, January 2021 and May 2021. In total, the ministry had drawn KSHS200,000 by the year-end.

Required:

- i) The general account of vote (3 marks)
 - ii) The exchequer account (3 marks)
 - iii) The PMG account (3 marks)
 - iv) Statement of assets and liabilities as at 30th June 2021. (3 marks)
- b) Outline the four main phases of budgeting process in Kenya (8 marks)

QUESTIONS THREE (20 MARKS)

- a) The Ministry of Trade and Commerce had the following estimated revenues to collect during the financial year ended 30 June 2021.

	Sh.
Hotel and Restaurant licences	900,000
Cattle traders licences	1,000,000
Licences under Trade Licensing Act	765,000
Liquor licences	500,000
Professional licences	75,000
Licenses for registration of Insurance Companies	320,000

During the year and prior to any issue of licences, it was found necessary to suspend the issue of liquor licences and professional licences. The Receiver of Revenue further found out that more people were interested in scrap metal business. The Treasury authorised the Receiver of Revenue to open a new head for scrap metal licences with an estimated collection of Sh.955,000.

At the close of the financial year, the Receiver of Revenue had collected the following amounts:

	Sh.
Hotel and Restaurant licences	1,131,250
Cattle traders licences	2,261,250
Licences under Trade Licensing Act	705,000
Liquor licences	-
Professional licenses	-
Registration of insurance companies	255,000
Scrap metal licences	1,117,500

The Receiver of Revenue had provided the following additional information:

- i) The ministry had a balance of Sh.33,750 at the beginning of the financial year.
- ii) An amount of Sh.335,000 in respect of scrap metal licences was still in the hands of agents as at 30 June 1993.
- iii) A sum of Sh.8,750 was due to the Exchequer at the end of the year.

Required;

- a) A Statement of Assets and Liabilities for the year ended 30 June 2021
(10 marks)
- b) Statement of revenue for the period
(10 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss the term 'cashbook' as used in government accounting clearly describing how cheques are handled from receipt, banking and in cases of dishonored cheques.
(10 marks)
- b) In recent years the call for governments all over the world to adopt and apply International Public Sector Accounting Standards (IPSAS) in preparation of financial statements and reports in the public sector is growing louder than ever.

Required;

Explain five benefits Kenya stands to enjoy by adopting IPSAS in preparation of financial statements.
(10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the following special funds and show their full operation.
 - i) Sinking funds (4 marks)
 - ii) Revolving funds (6 marks)
 - iii) Trust funds (4 marks)
- b) Distinguish between Commitment Accounting and Budgetary Accounting in relation to Public Sector Accounting.
(6 marks)