KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2017/2018

CITY CAMPUS

**FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE**

**BAC 410: PUBLIC SECTOR ACCOUNTING**

**DATE: MONDAY 12TH FEBRUARY 2018** **TIME: 8.00 A.M. - 10.00 A.M.**

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**INSTRUCTIONS:**

**QUESTION ONE (20 marks)**

(a) What are the effects of the following financial transactions of government agencies on the Consolidated Funds Accounts?

i. Lodgement of Deposit and Trust Monies into the Consolidated Fund.

ii. Refund of revenue paid in previous years.

iii. Recoveries of unearned salaries.

iv. Payment of monies to contain bush fire.

(4 marks)

(b) State and explain **four (4)** reasons why it is important to classify the accounts of government. (4 marks)

(c) Identify **five (5)** methods used by government to control public expenditure. (5 marks)

(d) List **four (4)** financial responsibilities of a spending officer in the public service. (4 marks)

(e) State **three (3)** reasons why the government of Kenya should incur public investment expenditure. (3 marks)

**QUESTION TWO (20 marks)**

The following are details relating to approved estimates and actual expenditure for a certain government department for the financial year ended 30th June 2016.

| | Approved estimates<br>Sh. | Actual expenditure<br>Sh. |
|---|---|---|
| Personal emoluments | 6,355,929 | 5,643,878 |
| Other allowances | 8,379,888 | 7,007,387 |
| Transport and operating expenses | 5,000,000 | 4,594,730 |
| Travel and subsistence | 3,300,000 | 2,680,500 |
| Telephone and postage expenses | 1,250,000 | 833, 838 |
| Electricity expenses | 1,800,000 | 1,800,000 |
| Purchase of stationery | 2,000,000 | 1,800,620 |
| Purchase of equipment | 13,200,000 | 12,355,555 |
| Training expenses | 2,500,000 | 2,398,200 |
| Appropriate-In-Aid | 8,500,000 | 7,900,000 |

The exchequer issues were duly released in equal quarterly installments of Sh.8,750,000 each.

**Required:**

(i) Paymaster general account (3 marks)

(ii) Exchequer account (3 marks)

(iii) General account of vote (3 marks)

(iv) Appropriation account for the year ended 30th June 2016 (8 marks)

(v) Statement of assets and liabilities as at 30th June 2016 (3 marks)

**QUESTION THREE (15 marks)**

The following are extracts from the trial balance for revenue head No. 210-180 Transport revenue collection for the year ended 30th June 2016.

| Code | Details | (Dr) | (Cr) |
|---|---|---|---|
| | | (000) | (000) |
| 630 | Renting buildings | | 807,456 |
| 631 | Rent from land | | 3,796,205 |
| 651 | Aviation landing fee | 3,542,221 | |
| 652 | Airport passage tax | 3,991,029 | |
| 670 | Other airport receipt | 798,144 | |
| Payment of revenue to exchequer | | 13,288,687 | |

The following additional details are provided

(i) Balance in hand 30th June 2016 2,568,242,000

(ii) Estimates receipts for the year

| Code | Amount (000) |
|---|---|
| 630 | 1,000,000 |
| 631 | 2,500,000 |
| 651 | 3,000,000 |
| 652 | 3,600,000 |
| 670 | 1,100,000 |

**Required:**

(a) A statement of revenue for the year ended 30th June 2016. (10 marks)

(b) Give appropriate footnotes for materials differences between estimates and the actual receipts. (5 marks)

**QUESTION FOUR (15 marks)**

(a) Performance measures can also form the basis for the discharge of accountability by a Public Sector Organisation.

**Required:**

State **five (5)** reasons why we measure performance in the Public Sector. (5 marks)

(b) Ministry of Finance and Planning is a key organization in the Public Finance Management in Kenya.

**Required:**

Outline **five (5)** roles of Ministry of Finance and Planning. (5 marks)

(c) From an economic point of view, the National Government budget serves as a major fiscal policy tool for the management of the nation's macro-economic objectives.

**Required:**

State **five (5)** main purposes of the Central Government's budget. (5 marks)

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