KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2014/2015

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF PUBLIC POLICY AND ADMINISTRATION

APP 806: PUBLIC FINANCE AND ACCOUNTING

DATE: Tuesday 7th April, 2015 **TIME: 5.30 p.m – 8.30 p.m**

INSTRUCTIONS:

Answer questions ONE and any other THREE questions.

ALL questions carry equal marks

QUESTION ONE

(a) Explain briefly the meaning of the terms listed below in relation to Government accounting:

(i) The Exchequer account **(2 marks)**

(ii) The General account of Vote **(2 marks)**

(iii) The Paymaster General **(2 marks)**

(iv) Appropriations in Aid. **(2 marks)**

(b) The approved estimates and actual expenditure details for the Ministry of Tourism for the year 2014/2015 were as follows:

	Sh.	Sh.
Personal emoluments	14,793,600	11,702,400
House allowances	2,346,000	1,711,200
Passage and leave	4,024,800	80,040
Travelling and accommodation	160,080	198,720
Transport and maintenance	1,932,000	1,631,160
Postage and telephone expenses	552,000	397,440
Miscellaneous charges	2,097,600	2,025,840
Training expenses	717,600	568,560
Purchase of equipment	2,520,000	4,776,000
Appropriations in Aid	120,000	667,200

The Ministry made four equal withdrawals from the exchequer in July 2014, October 2014, January 2015 and May 2015. In total, the ministry had withdrawn Sh. 24,000,000 by the year end.

Required:

(i) The General Account of vote (2 marks)
(ii) The Exchequer Account (1 mark)
(iii) The Paymaster General Account. (2 marks)
(iv) Statement of assets and liabilities as at 30 June 2002. (2 marks)

(Total 15 marks)

QUESTIONS TWO

(a) Budgeting is about choosing who pays for the government goods and services, who benefits, and where to locate resources. All these decisions have significant socio-political implications.
Required: Explain ***four*** main budget phases. (8 marks)

(b) Name and briefly explain ***four*** major principles of a good tax system. (7 marks)

(Total marks: 15)

QUESTION THREE:

In relation to Government Accounting explain briefly functions of the following parties:

(a) Public Accounts Committee (5 marks)
(b) Public Investment Committee (5 marks)
(c) Controller and auditor general (5 marks)

QUESTION FOUR:

(a) Due to importance of Kenyan National budget, economists have endeavored to develop principles of good budgets. Explain ***five*** attributes of a good budget. (5 marks)
(b) Explain ***three*** purposes intended to be achieved by Medium Term Expenditure Framework. (MTEF). (6 marks)
(c) Explain ***four*** functions of Central Bank in Kenya. (4 marks)

(Total marks : 15)

QUESTION FIVE

The following data has been collected from the Ministry of Trade and Commence for the fiscal year ended 30 JUNE 2010.

Details	Shs. '000'
Reserves	18,000
Accumulated surpluses as at 1 July 2009	7,500
Cash and cash equivalents	5000
Receivables	2000
	Sh. '000'
Inventory	1000
Transfer from Exchequer	2,500
Fees, fines and licenses	5000
Reserves from exchanged transactions	1000
Transfers from other ministries	500
Other revenue	6000
Payables	5000
Land, buildings and furniture	35000
Computer equipment and motor vehicles	5000
Wages and salaries	10000
Transfer to other ministries	5000
Supplies and consumables used	4000
Other expenses	12000
Finance costs	1000
Long term borrowings	10000
Liability for long term employee benefits	2000

Required :

The following statements in accordance with IPSAA 1 (presentation of Financial Statements)

i. Statement of financial performance for the year ended 30 June 2010

ii. Statement of financial position as at 30 June 2010 **(7 marks)**

b) The international Public Sector Accounting Standards (IPSAs) are developed by International Public sector Accounting standards Bord (IPSASB) to enhance uniformity in the way Public sector organizations prepare their financial statements . the Board (IPSASB) is promoting the international adoption and application of these standards.

Required

Highlight five benefits of IPSAS in managing public sector in Kenya **(8 marks)**

(Total marks : 15)