



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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**SPECIAL/ SUPPLEMENTARY EXAMINATION**

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**MAY- AUGUST 2021**

Ext 1022/23/25

**SCHOOL OF BUSINESS**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**REGULAR/ODEL PROGRAMME**

**CAC 411: PUBLIC SECTOR ACCOUNTING**

**Date: AUGUST 2021**

**DURATION: 2 HOURS**

**INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE**

a) The approval estimate and actual expenditure details of Ministry of Agriculture for the year 2019/2020 were as follows:

<b>code</b>	<b>Details</b>	<b>Approved Estimate ( Kshs)</b>	<b>Actual Expenditure Kshs.)</b>
000	Personal emoluments	123280	97520
050	House allowance	19550	14260
080	Passage and leave	41040	667
100	Travelling and accommodation	1334	1656
110	Transport and maintenance	16100	13593
120	Postal and telecom	4600	3312

190	Miscellaneous charges	17480	16882
196	Training expenses	5980	4730
230	Purchase of equipment	21000	39800
620	ATA (released income)	1000	5560

The ministry made fair equal withdrawals from the exchequer in July 2019, October 2019, January 2020 and May 2020. The total the ministry had drawn sh. 200,000 by year end.

**Required:**

- The General Account of Vote
- The Exchequer Account
- Pay Master General Account.
- Statement of assets and liabilities as at 30<sup>th</sup> June 2020

**[20 Marks]**

**QUESTION 1 (b)**

Discuss the role played in public sector accounting by:

- Public Accounts Committee
- The controller and Auditor general
- The government ministries accounting officers

**[10 Marks]**

**QUESTION TWO**

- Discuss three benefits of adopting International Public Sector Accounting Standards (IPSASs) by the public sector in Kenya. **[6 Marks]**

- The following data relates to details of Ministry of Sports, Culture and Heritage

Estimated revenue (Kes."000")	Actual receipts (Kes."000")
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Rating building and equipment	850000	870000
Per for funding licenses	430000	400000
Per for import/export licenses	470000	480000
Other receipts	235000	210000

The following additional information are available:

- i. Balance on hand on 30<sup>th</sup> June 2018 sh. 247,000,000
- ii. Balance on hand on 30<sup>th</sup> June 2019 sh. 160,000,000

**Required**

Prepare a statement of revenue for the year ended 30<sup>th</sup> June 2019. **[8 marks]**

- c) Highlight the main functions of an annual budget for a public sector organization with which you are familiar (local authority). **[6 marks]**

**QUESTION THREE**

- a) The approved estimates and actual details of the Ministry of Public Service, Youth and Gender for the year 2019/2020 were as follows:

Gross estimated expenditure	Kshs.640,000
Estimated Appropriation-In-Aid	Kshs.40,000
Drawings from exchequer	Kshs.530,000
Gross Expenditure	Kshs.480,000
Actual Appropriation in Aid	Kshs.30,000

**Required:**

- i) The General Account of Vote **[3 marks]**
- ii) The Exchequer Account **[3 marks]**
- iii) Paymaster General Account **[4 marks]**

3b) The types of funds recommended for use by central and local governments are classified in three categories:

- a) Government funds;
- b) Proprietary funds; and
- c) Fiduciary funds.

Briefly discuss each category **[6 marks]**

**3c) Deliberate on the main reasons for the growth in public expenditure. [4 Marks]**

#### QUESTION FOUR

The following data relates to Nairobi County

**Trial Balance As At 1<sup>st</sup> July 2018  
(KShs)**

	Dr (KShs)	Cr
Cash	242,500	
Savings A/C	250,000	
Property taxes receivable	185,000	
Investment in government Treasury Bills	350,000	
Accounts payable		162,600
Wages payable		30,000
Fund Balances	<u>          </u>	<u>834,900</u>
	<u>1,027,500</u>	<u>1,027,500</u>

The transactions completed during the year for the general fund are summarised and recorded as follows for the year ended 30 – June – 2019

JOURNAL	Kshs.	Kshs.
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a) Estimated Revenue A/c	9,100,000	
Appropriations		9,070,000
Fund Balance		30,000
b) Property Taxes receivable		
Revenue		
c) Cash	9,105,000	
Property taxes receivable A/C		6,470,000
Other revenue		2,635,000
d) Expenditure	3,280,000	
Wages payable		3,280,000
Encumbrances	5,800,000	
Fund balance reserved for encumbrances		5,800,000
Fund balance reserved for encumbrances	5,785,000	
Encumbrances		5,785,000
Expenditure	5,785,000	
Accounts payable		5,785,000
Accounts payable	5,800,000	
Wages payable	3,270,000	
Cash		
Estimated Revenue		9,100,000
Fund balances		38,000
Appropriations	9,070,000	
Expenditure		9,065,000
Fund Balance		5,000
Encumbrances	15,000	
		15,000

**Required:**

- a) Open appropriate accounts, post entries therein, and balance them at the year end
- b) Draw a trial balance as at 30.6.2019
- c) Prepare a statement of assets and liabilities.

**[12 Marks]**

- a) What do you understand by “Cash basis” and “Accrual basis” Analysis in the preparation of financial statements in the public Sector? **[3 marks]**
  
- b) Briefly explain **FIVE** sources in which the Kenyan Government obtains revenues and financial resources to finance its composition of expenditures including Capital Projects.

**[5 marks]**

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