



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

SEPTEMBER - DECEMBER 2023

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SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

BACHELOR OF COMMERCE

CAC 411: PUBLIC SECTOR ACCOUNTING

DATE: DECEMBER 2023

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and any other TWO Questions

Q1.

- a) Highlight purposes of public sector accounting. **(3 Marks)**
b) The following cash transactions (cash) took place for a government unit for the month of January 2018

		Sh.
02/01/2018	Opening balance: Cash	4,000
	Bank	25,000
02/01/2018	Received cheque in respect of trading license	62,500
03/01/2018	Paid Peter and Sons (cheque for goods supplied)	20,000
05/01/19X8	Cash received in respect of fees	2,500
05/01/19X8	Paid telephone charges (cheque)	8,700
06/01/19X8	Paid AB Ltd by cheque	52,000
06/01/19X8	Paid cash to James Burton	2,800
08/01/19X8	Received cheque for Licenses	210,000
09/01/19X8	Paid wages in cash	5,000
10/01/19X8	Kept a cash balance 10,000 and banked rest together with all cheques in hand.	

Required:

Prepare a cash book for the governmental unit **(10 Marks)**

- c) The following were the approved estimates and actual expenditure for the Ministry of health for the financial year ended 30 June 2013:

Item	Details	Approved estimate	Actual expenditure
		Sh."000"	Sh."000"
0300	Transport	76,500	73,100
0301	Travel and subsistence	88,400	86,700
0500	Personal emoluments	102,000	96,900
0700	Electricity expense	81,600	76,500
0240	Staff development	15,980	17,510
0900	Purchase of equipment	166,600	166,600
0400	Other allowances	116,960	113,390
1000	Appropriations- in-aid	133,960	125,800

Drawings from the Exchequer during the financial year ended 30 June 2013 amounted to Sh.127,500,000.

Required:

- i) General account of vote. **(3 Marks)**
 - ii) Exchequer account. **(3 Marks)**
 - iii) Paymaster general account. **(4 Marks)**
- d) The estimates and expenditure details relating to the Ministry of Social Services as at 30 June 2002 were as follows:

	Original estimates	Actual expenditure
	Sh. 000	Sh. 000
000 – Personal emoluments	160,000	180,000
050 – House allowances	30,000	26,000
080 – Passages and leave	10,000	9,000
110 – Travelling expenses	44,000	46,000
140 – Electricity and water	12,000	13,000
220 – Purchase of plant and equipment	100,000	80,000
650 – Appropriation in Aid	30,000	24,000

Supplementary estimates authorized during the year were as follows:

000 – Personal emoluments	Sh. 16,000,000
110 – Travelling expenses (reduced)	Sh. 4,000,000

Required:

Appropriation account for the year ended 30 June 2002. Showing the net surplus to be surrendered to the Exchequer. **(7 Marks)**

Q2.

- a) In accounting for Central Government and Local Government units, a fund called Capital Project Fund is usually created. What is the purpose of this fund? **(5 Marks)**

- b) The City Council of Matopeni authorises the construction of a new city hall on 1 January 1991. This hall is expected to cost sh.100,000,000. Financing for the project is to be Sh50,000,000 from 6½ per cent serial bond issue, Sh.40,000,000 from a Government Grant, and Sh.10,000,000 from the general fund (GF). Transactions and events during 1991 are as follows:
- i) The city transfers Sh.10,000,000 from the GF to the City Hall Capital Project Fund (a CPF created for the construction).
 - ii) Planning and architect's fees are paid in the amount of Sh.4,000,000.
 - iii) The contract is awarded to the lowest bidder for Sh.95,000,000.
 - iv) The bonds are sold for Sh.50,200,000. The amount of the premium is transferred to the debt service fund.
 - v) The construction is certified to be 50 percent complete and a bill for Sh.47,500,000 is received from the contractor.
 - vi) Contracts payable, less a 10 percent retained percentage, is paid.

The books are closed and financial statements are prepared.

Required:

- a) Journal entries to record the above transactions. **(10 Marks)**
- b) Financial statement of the capital project fund for the year 1991. **(5 Marks)**

Q3.

- a) Briefly explain any four characteristics that distinguish governmental organizations from business organizations. **(8 Marks)**

- b) Write brief notes on the following:

- (i) Budget Controller and Auditor General **(3 Marks)**
- (ii) Sinking fund **(3 Marks)**
- (iii) Trust fund **(3 Marks)**
- (iv) Revolving fund **(3 Marks)**

Q4.

The approved Estimates and Actual Expenditure details for vote E45 of ministry ABC for the financial year 2004/2005 were as follows:

		Approved Estimates	Actual Expenditure
		Sh.'000'	Sh.'000'
000	Personal Emoluments	246,560	195,040
50	House allowances	39,100	28,520
80	Passages and Leave Expenses	8,280	1,334
100	Transport Operating Expenses	32,200	27,186
110	Traveling and Accommodation Expenses	2,668	3,312
120	Postal and Telegram Expenses	9,200	6,624
190	Miscellaneous other Charges	34,960	33,764

196	Training Expenses	11,960	13,476
230	Purchase of Equipment	42,000	17,600
620	Appropriations - in -Aid	2,000	11,120 (Realised)

The Ministry made four equal withdraws from the Exchequer in July 2004, October 2004, January 2005 and May 2005. In total the Ministry had withdrawn Sh.400,000,000 by the end of the 2004/2005 financial year. Supplementary estimates authorized during the year were as follows:

		Sh.'000'	
000	Personal Emoluments	12,000	(reduction)
196	Training Expenses	2,000	(increase)
620	Appropriations -In-Aid	8,000	increase)

Required:

- Appropriation account for the year ended 30 June 2005 **(6 Marks)**
- General Account of vote for the year ended 30 June 2005. **(4 Marks)**
- Exchequer Account for the year ended 30 June 2005 **(4 Marks)**
- Paymaster General (PMG) account for the year ended 30 June 2005. **(2 Marks)**
- Statement of assets and liabilities as at 30 June 2005. 4mks

END