



**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

**MAIN, WEBUYE, BUNGOMA, AND NAIROBI CAMPUS
UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

THIRD YEAR SPECIAL/SUPPLIMENTARY EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF COMMERCE/BSc ACCOUNTING**

COURSE CODE: BCA 346

COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE: TEUSDAY, 26TH JULY 2022 TIME: 11-1PM

INSTRUCTIONS TO CANDIDATES

Answer QUESTION ONE and TWO other Questions
Show ALL your workings

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 5 Printed Pages. Please Turn Over. ►

QUESTION ONE

- a) Write short notes on the following types of government funds
- i) Governmental funds (3Marks)
 - ii) Fiduciary funds. (3 Marks)
 - iii) Proprietary funds. (3 Marks)
- b) Outline the main purpose of governmental accounting. (8 Marks)
- c) To a large extent the government of Kenya depends on external funding for capital projects, outline three main weaknesses of the approach of financing. (6 marks)
- d) Suggest ways through which the government can move out of this method of funding projects. (4 marks)
- e) What is a vote book? (2 marks)
- f) Explain clearly how government cash book differ from commercial enterprise cash book. (4 marks)

QUESTION TWO

- a) You have been provided with the following information about the transactions of Ushuru a department in the ministry of irrigation in the month of April 2022.
- 2nd Opening balance, cash 62,000, Bank 258,000
- 2nd Received shs. 120,000 cash in exit fee, a cheque of shs 250,000 for import duty and a cheque of shs. 115,000 for export duty.
- 4th Paid Wachuzi Enterprise shs. 5,200 for stationery supplier by cash and shs. 61,000 by cheque to Fundi Limited for repairs of motor vehicle.
- 8th Received a cheque of shs. 88,000 for import duty and collected cash shs.42,000 in exit fee.
- 15th Paid an officer Jame Onyango cash shs. 15,000 in traveling expenses claims. Collected shs. 32,000 cash in exit fee and shs. 18,000 in export duty.
- 18th Paid for I.C.T services by cheque shs. 28,000 TO Rununu Enterprises. Received cash shs. 22,000 in exit fee and a cheque of shs. 31,000 for export duty.
- 19th Paid Mary Wanuna a cleaner wages in cash shs. 14,000 and received cash shs 15,000 in Exit fee.
- You are required to keep a cash balance of shs. 60,800, bank all the cash and cheques received this far and balance off the cash book. (10 marks)

- b) You have been provided with the following information from the ministry of BaraBara
Vote Head: Ministry of Barabara

A.I.E: 311-26

A/C No.: 44232

Vote No.: 311

Vote allocation: ICES 2,500,000

Additional information

In the month of August the Ministry entered into the following transactions

- 1st ordered for butimen from Salama Quarry Limited shs. 150,000 (L.P.O 301)
- 8th Ordered for Tar from Jamii Oil Products shs. 280,000 (L.P.O 302)
- 9th Hire a lorry to transport the Bitumen and Tar for shs. 82,000 (P.v. 821)
- 15th Paid Jamii Oil Products in full for the Tar (P.V 822)
- 13th Bought steel from Pambana Hardware for shs. 250,000 (P.V 833)
- 18th Paid for transport of steel shs.20,000 (P.V. 834)
- 20th Ordered for Tar from iarniii Oil Products shs. 340,000 (LP.O 303)
- 25th Ordered for cement from Usalama Hardware shs. 420.000 (L.P.O. 304)
- 29th Issued an L.P.O. 305 to BaraBara Limited for supply of Welding Rods shs.210, 000
- 30th Paid shs. 120,000 to Usalama Limited being part payment of cement (P.V.No. 835)

Required: complete a vote book page from the above information. (10 marks)

QUESTION THREE

- a) Briefly explain the purpose of appropriation account. (3 marks)
- b) Briefly give four arguments in support of existence of state corporations. (7 marks)
- c) The following are the estimates and actual expenditure for Vijana Ministry as at June 30th 2022.

Item No.	Details	Estimates (shs.00)	Actual expenditure (shs.00)
010	Personal Emoluments	12,000	14,000
060	Leave Allowances	700	500
080	Utility Expenses	2,000	2,800
090	Travelling expenses	1,500	2,000
100	Purchase of Equipment's	4,000	3,200
110	Purchase of stationery	3,500	3,100
500	Appropriation in Aid	5,000	4,000

Supplementary estimates authorized in the year were as follows

010	-	Personal Emoluments shs. 4,000,000
080	-	Utility expenses shs. 400,000
090	-	Travelling expenses shs. 300,000

Required: Appropriation account for the year ended June 30th 2022

(10 marks)

QUESTION FOUR

The following balances were extracted from the books of Salama Power a state corporation for the year ended December 31 2021

Corporation for the year ended Dec. 31. 2021

Description	Dr. (shs. 000)	Cr, (shs. 000)
Equity		75,200
General Reserve-surplus retained		1,278,600
Pension liability		151,300
Loans		10,253,500
Land and. Buildings	2,451,700	
Plant and Machinery	10,695,900	
Motor Vehicle	451,700	
Furniture and Equipment	252,750	
Investments	572,850	
Pension Liability Fund (cost)	271,400 .	
Debtors —services	551,900	
Cash and Bank balances	250,700	
Short-term deposits	351,600	
Creditors—services		1,312,400
Stock	545,600	
Provision for depreciation of fixed assets		2,421,500
Revenue for power supply		2,704,300
Miscellaneous revenue		842,700
Administrative expenses	254,700	
Operational expenses	670,500	
Exchange adjustment expenses	845,700	
Maintenance expenses	499,700	
Loan interest	372,800	
	19,039,500	19,039,500

Additional information

Make the following provisions

- Depreciation shs. 453,400,000

- ii. Provision for corporation tax shs. 535,400,000
- iii. Pension Liability shs. 175,600,000
- iv. Dividends shs. 238,500,000

Required

- a. Prepare the Revenue Account and Net Revenue Account for Salama Power for the year ended Dec. 31, 2011. (10 marks)
- b. A balance sheet for the corporation as at the date. (10 marks)