



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING BANKING AND FINANCE

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BAC 410 PUBLIC SECTOR ACCOUNTING

DATE: 13/8/2021

TIME: 11.00-1.00 PM

INSTRUCTIONS:

Answer question ONE and any other TWO questions

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Kenya's Public Sector Accounting is regulated by constitutional and regulatory framework. Discuss five of these regulatory framework put in place in Kenya (10 marks)
- b) Explain the following concepts as applied in public sector accounting:
- i. Cash basis (4 marks)
 - ii. Accrual basis (4 marks)
 - iii. Commitment basis (4 marks)
- c) Public Sector has its own objectives and serves its own users as opposed to private sector. You are required to:
- i. State four objectives of public sector accounting (4 marks)
 - ii. Identify four users of public sector accounting information (4 marks)

QUESTION TWO (20MARKS)

- a) Discuss any five distinguishing factors of government accounting (10 marks)
- b) The following cash transactions took place for a government unit during the month of January 2021:
- 1/01/2021: Opening balance: cash Ksh. 4000
Bank Ksh. 2500
- 2/01/2021: Received cheque in respect of trading license Ksh.62500

3/01/2021: Paid Peter and Sons for goods supplied Ksh. 20000

5/01/2021: Cash received in respect of fees Ksh. 2500

5/01/2021: Paid telephone charges by cheque Ksh. 8700

6/01/2021: Paid ABC Ltd. By cheque Ksh. 52000

6/01/2021: Paid James Bolton Ksh. 2800

8/01/2021: Received cheque for licenses Ksh.210000

9/01/2021: Paid wages in cash Ksh. 5000

10/01/2021: Kept cash balance Ksh.10000 and banked the rest with all cheques in hand.

You are required to prepare a cashbook for this government unit as on January 10, 2021.

(10 marks)

QUESTION THREE (20 MARKS)

a) Explain the following types of funds:

i. Government fund (2 marks)

ii. Proprietary fund (2 marks)

iii. Fiduciary funds (2 marks)

b) The approved estimates and actual details of the ministry of education for the year 2021 are as under:

Gross estimated expenditure Ksh. 640000

Estimated appropriation in aid Ksh. 40000

Drawings from the exchequer Ksh. 530000

Gross expenditure Ksh. 480000

Actual appropriations in aid Ksh. 30000

You are required to prepare a statement of assets and liabilities as at June 31, 2021

(14 marks)

QUESTION FOUR (20 MARKS)

Discuss in details the following terms as used in public sector accounting:

a) Public revenue (10 marks)

b) Public expenditure (10 marks)

QUESTION FIVE (20 MARKS)

“The starting point to understand the public spending nearly corresponds to three general models of state to which a government may subscribe”. Identify and explain these three models of state that your government may subscribe to.