



OFFICE OF THE DEPUTY CHANCELLOR
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

UNIVERSITY EXAMINATIONS

2023/2024 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 300
COURSE TITLE: PUBLIC SECTOR ACCOUNTING

DATE: 15TH DECEMBER 2023 TIME: 9.00 A.M TO 12.00 P.M

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES

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MAIN EXAM

BBM 300: PUBLIC SECTOR ACCOUNTING
STREAM: BBM

DURATION: 3 Hours

INSTRUCTIONS TO CANDIDATES

- i. Answer Question **ONE** and any other **TWO** questions.
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.
- iii. Do not write on the question paper.

QUESTION ONE (30 MARKS)

a) The CEC (County Executive Member) of Finance and Economic Planning of Busia County Government is in disagreement as to which basis of accounting will provide the most useful information to the users. The Principal Revenue Officer (PRO) strongly believes that whether the County Government entity applies cash basis or accrual basis, the effect is the same. The CEC (County Executive Member) of Finance and Economic Planning, disagrees with The PRO totally, arguing that different accounting treatment applies to both and therefore affect the level of disclosure in the financial report. The CEC (County Executive Member) of Finance and Economic Planning, has proceeded to illustrate the stand point by drawing on the basis of accounting on these items in the financial statement;

- i) Motor vehicle donated to the entity
- ii) Revenue due but not received by the entity
- iii) Furniture acquired in the current year
- iv) Electricity consumed for the year but not paid to Electricity Company.

Required: The CEC (County Executive Member) of Finance and Economic Planning, has tasked you to present a brief paper on how the two accounting bases would be applied in the treatment of items i to iv. (8 marks)

b) Explain FIVE (5) segments of Kenya's National Treasury Integrated Financial Management Information System (IFMIS) chart of Accounts. (10 marks)

c) Below is Trial Balance of the consolidated Fund for the year ended 30th June 2022

	Dr Kshs "000,000"	Cr Kshs "000,000"
Other non-TSC Salaries	6,762	
TSC Salaries	2,008	
Casual labour cost	234	
Administration cost	3,352	
Conferences and seminars	1,255	
Foreign travel cost	745	
Direct taxes		6,941
Indirect taxes		7,716

Non tax revenues		1,156
Grants(CDF)	825	1,258
Transfers to Counties	641	
Transfers to GOK Dep.	361	
Transfers to HELB	38	
Domestic debt interest	1,453	
External debt interest	1,741	
Purchase of motor vehicle	42	
Purchase of equipment	247	
Purchase of ship	560	
Construction of infrastructure	367	
Equity and security investments	560	
Loans and advances	980	
Cash and bank	67	
Gold Reserves	860	
Treasury bills		11,120
Bonds on Nairobi Securities Exchange (NSE).		13,462
Euro bonds		7,456
Bilateral and multilateral debt		17,422
Exchange Reserves		2,235
Other expenditures	910	
Accumulated fund	44,758	
	68,766	68,766

Additional Information:

- i) It is the policy of Controller and Accountant General to adopt accrual basis of preparing the public accounts of the Consolidated Fund for the first time in compliance with the International Public Sector Accounting Standards (IPSAS).
- ii) Consumption of fixed capital charged on cost for the year has been computed as shs 156,000,000.
- iii) Direct tax revenues due to government but were not received at 31st December 2014 amounted to Shs 49,000,000.
- iv) Non-TSC salaries are in arrears as a result of salary increment in the fourth (4th) quarter of 2021/2022 FY was shs 56,000,000 and goods and services outstanding at the end of the year amounted to shs 12,000,000.

- v) The grant shown in the trial balance as expenditure represents statutory transfer to the Community Development Fund (CDF). Any arrears in the CDF should be treated as payable. The current rate of transfer is 7.5% on the amount received.
- vi) Public debt interest of shs14, 000,000 was due to creditors but was not paid as at 30th June 2019.

Required: Prepare in a form suitable for publication and in accordance with the relevant Financial Laws and IPSAS:

- i) Statement of Financial Performance of the Consolidated Fund for the year ended 30th June 2022. (6 marks)
- ii) Statement of Financial Position of the Consolidated Fund as at 30th June 2022. (Show all workings clearly). (6 marks)

QUESTION TWO(20 MARKS)

- a) Highlight and explain FIVE the uniqueness features of Public Sector Organizations (10 marks).
- b) The law requires Constituency Financial Managers to prepare Trial Balances, Income and expenditure Account and statement of Assets and liabilities for presentation to the Auditor General and to National Government Constituencies Development Fund Management. Nevertheless non-financial information constitutes a key part of the report.

Required; Explain FOUR non-financial reports that are mandatory to accompany the NG-CDF financial reports.
(10 marks)

QUESTION THREE (20 MARKS)

- a) The approved estimates and actual expenditure details of the Ministry of Agriculture for the year 2021/2022 were as follows:

CODE	Details	Approved estimates Kshs	Actual Expenditure Kshs
000	Personal emoluments	123280	97,520
050	House Allowance	19,550	14,260
080	Passage and Leave	41,040	667
100	Travelling and accommodation	1,334	1,656
110	Transport and maintenance	16,100	13,593
120	Postal and Telecom expenses	4,600	3,312
190	Miscellaneous charges	17,480	16,882
196	Training expenses	5,980	4,738
230	Purchase of equipment	21,000	39,800
620	AIA (Realised income)	1,000	5,560