

DIAF O125: PUBLIC SECTOR ACCOUNTING

Answer Question ONE [Compulsory] and any other THREE Questions.

QUESTION ONE

- a. Discuss the role and functions of the Treasury and its relationship with other Government department, in planning and controlling government expenditure.
- b. The following information relates to a governmental unit for the fiscal year 19X6/19X7.

Gross estimates:	K£720,000
Appropriation-In-Aid estimated:	K£90,000
Drawings from the exchequer	K£450,000
Actual gross expenditure	K£520000
Actual appropriation-in-aid	K£120,000

Required:

- a) Prepare the following accounts: i) General Account of vote (GAV)
ii) Exchequer A/C
iii) PMG A/C
- b) Statement of assets and liabilities as at 30 June 19X7.
- c. Discuss the role of the Controller and Auditor General.

QUESTION TWO:

Explain the main functions of an annual Budget for a public sector organization with which you are familiar. [20 marks]

QUESTION THREE

The following cash transactions (cash) took place for a government unit for the month of January 19X8:

	Sh.
02/01/1 19X8	
Opening balance:	
Cash	4,000

Bank	25,000
02/01/19X8	Received cheque in respect of trading license 62,500
03/01/19X8	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.

[20 marks]

QUESTION FOUR

Vote head – Ministry of Public Works

A I E (Authority to incur expenditure) No. 225 – 35.

A I E (Authority to incur expenditure) K£5,000 (or Ksh100,000)

Transactions (Dec 19X6)

1 Dec Ordered for iron sheets and cement from Ton & Co. for Sh.25,000;
L.P.O. No. 5213

6 Dec Paid Sh.3,000 for lorry hire to transport cement; PV No. 357

Transactions (Jan 19X7)

10 Jan Paid Ton & Co. Sh.15, 000 being part payment for goods ordered
through LPO No. 5213; PV No. 358.

15 Jan Purchased goods from AB & Co. for Sh.5,000 (timber); PV No. 359

20 Jan Issued LPO No. 5214 to Patel & Sons for windows and doors for
Sh.20,000.

25 Jan Part payment to Patel & Sons Sh.7,000; PV No. 360.

QUESTION FIVE

The following account balances were extracted form the books of a pension fund for the year ended 30th June 19X7:

	Dr (Shs)	Cr(Shs)
Payments to members	500,000	
Members' contributions		800,000
Payment for management expenses	150,000	400,000
Interest on investment by fund		1,800,000
Fund Account	350,000	
Cash balance (PMG)	2,000,000	_____
Investment A/C		
	3,000,000	3,000,000

Required:

Prepare an income and expenditure account for the year ended 30th June 19X7 and a balance sheet as at that date. [20 marks]