INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - APRIL 2025

PROGRAMME: BBA
YEAR/SEM: YEAR 3/SEMESTER 2
COURSE CODE: ACC 3205
NAME: PUBLIC SECTOR ACCOUNTING

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

SECTION A IS COMPULSORY: ATTEMPT ALL THE QUESTION IN THIS SECTION

Question 1:

The following information were in the books of Wema Ministry for the month of January, 2024:

Jan 2 Opening balances b/d: Cash Sh. 40,000 and Bank Sh. 250,000

Jan 2 Received Sh. 62,500 (Cheque) in respect of Trading license

Jan 3 Paid Peter & Sons Sh. 230,000 by cheque No. 251 for goods supplied

Jan 5 Cash received Sh. 2,500 in respect of fees.

Jan 5 Paid telephone charges , Sh. 8, 700 by cheque No. 252

Jan 6 Paid to A.B. Garage Sh. 52,000, cheque No. 253, for repairs of Government Vehicles.

Jan 6 Paid cash to J. Lutara Sh. 2,800 in settlement of travelling claims expenses.

Jan 8 Cheque for Sh. 21,000 was received in respect of license.

Jan 9 Paid Wages Sh. 5,000 to A. Robert in Cash

Jan 10. Keep a cash balance of Sh. 10,000 and banked the rest of the cash together with all the cheques on hand and rule off the Cash Book

Required:

a) Record the transactions in the Cash Book of the Ministry and close off the book. (12 Marks)

b) Balance off the cash book **(04 Marks)**

c) Explain the purpose of cash book **(04 Marks)**

d) Identify the users of Public Sector accounting Information and state why this information is useful. **(10 Marks**)

e) Discuss the objectives of Public Sector Accounting **(10 Marks**)

Question 2:

Inter-ministerial Committee has been set up to organized and mobilize resources for a Women's Day event. The event will be officially opened by the Vice President. The Department of Buildings in the Ministry of Works and Supply recently received an order to carry out maintenance works at Cabinet Office in preparation for the event. As the accountant at Ministry of Works and Supply and a member of the inter ministerial committee you have taken note of the events:

January 15 Committee of Women's Day meeting.
January 16 Department of Buildings receives purchase order of $8, 000 from Cabinet Office to carry out maintenance works.
January 19 Procurement Committee at Ministry of Works and Supply approves request of $3, 000 from Director Buildings to procure supplies.
January 24 Chief Procurement Officer approves purchase of supplies on account for $3, 000.
January 30 Buildings Department start maintenance works at Cabinet Office.
February 5 Committee of Women's Day meet to review progress on preparation of Women's Day Event
February 20 Buildings Department complete works and invoice Cabinet office $8, 000
February 27 Buildings Department pays $3, 000 for supplies got on account
March 7 Women's Day event official opened by Vice President.
March 13 Cabinet Office pays Buildings Department $8, 000 by cheque.

Required:

(i) Discuss the terms cash and accrual accounting. **(4 marks)**

(ii) Outline **five (5)** advantages and disadvantages of using cashing accounting and accrual accounting.

(20 marks)

(iii) From the events listed above prepare Revenue & Expenditure statement for the Months January to March 2025.

1. Using Cashing Accounting (3 marks)
2. Using Accrual Accounting (3 marks)

(iv) Give any five reasons as to why public sector organization exists **(10 marks)**

SECTION B

CHOOSE ANY THREE(3) QUESTIONS FROM THIS SECTION

Question 1:

(a) Compare and contrast the role of an accountant in a governmental accounting with that of an accountant in commercial accounting. **(10 Marks)**

(b) 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)**

(c) Explain and illustrate the distinction extraordinary items and exceptional items. **(5 Marks)**

Question 2:

You are the Accountant General of the Republic of Uganda and the Secretary to the Cabinet has written a memo to you indicating that they just concluded a seminar addressed by His Excellency the President of the Republic of Uganda under the theme "promoting ethical conduct, integrity and accountability in the public sector for enhanced public service delivery." The discussions during the seminar focused on financial and adoption of accrual accounting in the public service. It was emphasised that migration from cash basis to accrual basis is necessary to improve transparency in the public sector. Another issue discussed was commitment control system. The meeting was informed that commitment control strengthens financial management and therefore Ministries, Provinces and other spending Agencies (MPSAs) must ensure that every expenditure was used in accordance with what was appropriated by Parliament. The Secretary to the Cabinet is not clear on the above mentioned issues and is seeking clarification.

Required:

(a) Explain to the Secretary to the Cabinet the three differences between accrual accounting and cash accounting. (6 marks)

(b) Identify three (3) justifications for adopting accrual based IPSAs accounting in the public sector. **(6 marks)**

(c) Explain the term commitment control and illustrate how it could strengthen PublicFinancial Management. (8 marks)

Question 3:

a) Discuss the role and functions of the Treasury and its relationship with other Government department, in planning and controlling government expenditure. **(10 marks)**

b) Explain the main functions of an annual Budget for a public sector organisation with which you are familiar. (**10 marks)**

Question 4:

The following account balances were extracted from the books of a pension fund for the year ended 30th June 2024:

	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 2024 and a balance sheet as at that date. **(10 marks)**

b) Write short notes on ;

i. Statement of assets and liabilities **(02 marks)**

ii. General Accounts of Vote (GAV) **(02 marks)**

iii. The exchequer account **(02 marks)**

iv. Paymaster General Account **(02 marks)**

v. Revenue Account **(02 marks)**

Question 5:

Identify and explain the merits' and limitations of budgeting **(10 Marks)**

The approved estimates and actual details of the Ministry of Culture and Social Services for the year 2023/2024 were as follows:

	Gross estimated expenditure	Shs 640,000
	Estimated Appropriation-In-Aid	Shs 40,000
	Drawings from exchequer	Shs 530,000
	Gross Expenditure	Shs 480,000
	Actual appropriations in aid	Shs 30,000
	Required: Prepare	
i	The General Account of Vote	(02 Marks)
ii	The exchequer account	(02 Marks
iii	Paymaster General Account	(02 Marks)
iv	A statement of assets and liabilities as at 30-6 -2024	(04 Marks)

Question 6:

a) In relation to fund accounting, explain what is meant by the following special funds and

explain fully how they are operated.

(i) Revolving funds (02 Marks)
(ii) Trust funds (02 Marks)
(iii) Sinking funds (02 Marks)
(iv) Capital project funds (02 Marks)
(v) Specific Revenue funds (02 Marks)

b)Identify and explain any five Differences between government accounting and private sector accounting (10 Marks)

Question 7:

The following data were taken from the accounting records of the Town of Ole Meka General Fund after the accounts had been closed for the fiscal year ended 30 September 2024.

Balances	Fiscal Year 2024	Changes		Balances
1 October 2022	Debit	Credit	30 Sept. 2024	
Assets Sh.	Sh.	Sh.	Sh.	
Cash 180,000	955,000	880,000	225,000	

Taxes Receivable 20,000	809,000	781,000	48,000	
Estimated uncollected tax (4,000)	6,000	9,000	(7,000)	
    196,000 Liabilities, Reserves & Funds Balances:			296,000	
Vouchers payable 44,000 Due to intra governmental	880,000	889,000	53,000	
Service fund 2,000	7,000	10,000	5,000	

Due to Debt Service Fund 10,000	60,000	10,000	50,000	
Reserve for encumbrances 40,000	40,000	47,000	47,000	
Fund balance 100,000	20,000	61,000	141,000	
19,000	2,777,000	2,777,000	296,000	

The following additional data is available:

(i) The budget for fiscal year 2023 provided for estimated revenues of Sh.1,000,000 and appropriations of Sh.965,000.

(ii) Expenditure totalling sh.895,000 in addition to those chargeable against Reserve for Encumbrances, were made.

(iii) The actual expenditure chargeable against Reserve for Encumbrances was Sh.37,000.

Required:
Show journal entries to record the above transactions in the books of Town of Ole Meka General Fund.

(20 marks)

Question 8:

a) Explain various roles of public sector accounting. (10 marks)

b) Explain the challenges faced by public sector accounting. **(10 marks)**

Question 9:

Debt Management is a key component of Public Finance Management that enables the Government meets its financing needs at minimum costs and within acceptable levels of risk. One of the diagnostic tools that Government uses in managing its debt portfolio is to annually conduct a Debt Sustainability Analysis (DSA).

Required:

(a) Explain what constitutes "Total Public Debt?" (2 marks)

(b) Define the term Debt Sustainability and state the main objective of conducting a Debt Sustainability exercise. (5 marks)

(c) Explain the benefits of conducting an annual DSA. **(10 marks)**

(d) Explain the actions which can be taken to reduce accumulation of debt. (3 marks)

[Total: 20 Marks]

Question 10:

(a) Compare and contrast the role of an accountant in a governmental accounting with that of an accountant in commercial accounting**.(** 10 marks)

(b) Explain and illustrate the distinction extraordinary items and exceptional items. **(**10 marks)

Question 11:

Explain any five sources of government revenue **(**10 marks)

Explain various functions of government accounting in public sector accounting**(**10 marks)

Question 12:

Define Public administration according to Pfeiffer. **(2 marks)**

(b) Outline four (4) similarities between public and private administration.

(8 marks)

(c) Describe the factors that influence public policy decisions. **(10 marks)**