INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - AUGUST 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 COMPULSORY:ATTEMPT ALL THE QUESTIONS IN THIS SECTION

Question 1:

The approved estimates and actual expenditure details of the Ministry of Agriculture for the year 2023/2024 were as follows:

CODE	Details	Approved estimates K£	Actual Expenditure K£
000	Personal emoluments	123	97,520
050	House Allowance	280	14,260
080	Passage and Leave	19,550	667
100	Travelling and accommodation	41,040	1,656
110	Transport and maintenance	1,334	13,593
120	Postal and Telecom expenses	16,100	3,312
190	Miscellaneous charges	4,600	16,882
196	Training expenses	17,480	4,738
230	Purchase of equipment	5,980	39,800
620	AIA (Realised income)	21,000 1,000	5,560

The ministry made fair equal withdrawals from the exchequer in July

2023, October 2023, January 2024 and May /2024. In total, the ministry had drawn K£200,000 by the year-end.

Required:

i. The general account of vote **(04 Marks)**
ii. The exchequer account **(03 Marks)**
iii. The PMG account **(03 Marks)**
iv. Statement of assets and liabilities as at 30th June 2024 **(10 Marks)**
v. Identify the users of Public Sector accounting Information and state why this information is useful. **(10 Marks**)
vi. Discuss the purpose 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 QUESTIONS FROM THIS SECTION

Question 1:

One of the principle differences between non-profit and commercial organisations is that they have different reasons for their existence. Consequently, non-profit making organisations follow some accounting principles which differ from accounting principles followed by commercial organisations. **(8 Marks)**

You are asked to state which are the principles followed by non-profit making organisations and why you think they are more appropriate than corresponding principles applicable to commercial organisations. **(4 Marks)**

Explain any four differences between government accounting private accounting **(8 Marks)**

Question 2:

(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 3:

a) Budgets are key elements of legislative control over government units. The executive branch of a government unit proposes the budget, the legislative branch reviews, modifies and enacts the budgets and finally the executive branch

implements the budget. Explain the roles of budgeting in public sector . (10 marks)

b) Define the term commitment accounting . **(02 marks)**

c) Identify and explain any four functions of commitment accounting in budgetary control (08 marks)

Question 4:

The following account balances were extracted from the books of a pension fund for the year ended 30th June 2025:

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

Required:

a) Prepare an income and expenditure account for the year ended 30th June 2025and 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)PSA is the recording, and classifying accounting information by offices including the central and local government administration, public institutions or bodies established by the act of parliament explain five objectives of Government accounting. **(10 marks)**

b) Explain the two types of funds below and explain and explain

fully how they are operated.

i. Consolidated fund **(02 Marks)**

ii. General funds **(02 Marks)**

c)Outline the role played in Government accounting by:

(a) The Public Accounts Committee **(02 Marks)**

(b) The controller and auditor general **(02 Marks)**

(c) The government Ministries Accounting Officers. **(02 Marks**)

Question 7:

a) In public sector accounting, cash accounting is a method where revenues are recorded when cash is received, and expenses are recorded when cash is disbursed. This approach focuses on tracking the actual movement of cash in and out of the government's accounts. Explain various merits cash accounting in public sector accounting. **(10 marks)**

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

Question 8:

a) For the central government, the objectives are directly set by Parliament, while the parastatals (e.g. KPLC) will have general objectives set by Parliament, but specific operational objectives are to be set by the Board of Directors appointed by the minister to oversee the operations of the Parastatal. Explain any five objectives of Public Sector Accounting (**10 marks)**

b) Explain the purposes of 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:

a) What do you understand by the terms; public and private administration. (02 marks

b) Explain four (4) similarities between public and private administration. (0 8 marks

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

Question 12:

a) The public sector includes all those public offices or organizations which are entrusted with public resources. Explain the following terms as applied in public sector

i. Central Government **(02 marks)**
ii. Local government **(02 marks)**
iii. Autonomous and semi-autonomous bodies . **(02 marks)**
iv. Parastatal bodies . **(02 marks)**
v. Non-profit making organizations. **(02 marks)**

b) Identify five ways in which government can fund it's projects. **(10 marks)**