



COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

COURSE TITLE: MPM 218 PUBLIC SECTOR ACCOUNTING

**END OF SEMESTER EXAMINATIONS
MAY 2018**

LECTURER: (MR KAZOMBA.S)

DURATION: (3 HRS)

INSTRUCTIONS

Answer **ALL** Questions from this paper

Start **each** question on a new page in your answer Booklet.

The marks allocated to **each** question are shown at the end of the question.

Show all your workings.

Credit will be awarded for logical, systematic and neat presentations.

QUESTION ONE

(25 Points)

The following information relates to non-current assets held by Zesco a public entity:

1. Mazda BT-50, purchased for \$35000, from Amtec Mutare on 15/1/19, invoice number 1000245 and is at the head office.
2. Foton Climax 4x4, bought for \$ 45000 from Quest Motors Harare on 16/8/18, invoice number 2333756, current book value \$38 000, at the head office.
3. Intel Core 2 Duo Processor E8400, 2G memory, 320GB SATA, 3,0 Gb/s Hard Drive Desktop, Dell, Vostro 220s, serial number Xyz 123, bought for \$1400 on 25/10/16, current book value \$750 in Tanya's office at head office.

Required

- a) Prepare the asset register for Zesco showing all details for easy asset management. (20 points)
- b) State any **four** standard no-current assets control procedures. (5 points)

QUESTION TWO

(25 Points)

- a) Write briefly about the following qualitative characteristics of general purpose financial reports
 - i. Comparability (3 points)
 - ii. Understandability (3 points)
 - iii. Verifiability (3 points)
 - iv. Timeliness (3 points)
- b) IPSAS 1: Presentation of Financial Statements identifies a complete set of financial statements under accrual basis. Identify **four** major disclosures that must be made in respect of the public sector in preparation of financial statements. (4 points)
- c) IPSAS 1 stipulates that an entity shall present a statement of financial position as one of the GPFRs. Identify items that are presented on the face of the statement of financial position as separate classifications. (4 points)
- d) The conceptual framework for GPFRs reporting for public sector entities recognises elements in the financial statements. List **five** elements recognised. (5 points)

QUESTION THREE

(25 Points)

- a) What is fund accounting in the public sector? (2 points)

- b) State **three** internal users and **three** external users of public sector accounting information. **(6 points)**
- c) Give **five** sources of government revenue. **(5 points)**
- d) Discuss the cash basis of public sector accounting highlighting its merits and demerits. **(12points)**

QUESTION FOUR

(25 Points)

The trial balance of Masvingo City Council as at 31 December 2018 is as follows:

	DR	CR
	\$	\$
Cash	181,992	
Apartment Rates		3,898,908
Interest and Penalties		7,800
Licences		2,108,592
Fines		928,500
Water rates		841,350
Sundry revenue		82,950
Market fees		132,900
Parks and recreation	1,480,740	
Pension contribution	382,800	
Health and welfare	2,191,260	
Administration	3,010,500	
Sundry expenses	29,640	
Investments (short-term)	4,500,000	
Staff advances	63,750	
Loans –Better Life Programme	75,000	
- Governors' forum		37,500
Fund balance		<u>3,877,182</u>
	<u>11,915,682</u>	<u>11,915,682</u>

Additional relevant information:

- i. The under listed amounts had not been adjusted:
 - a) Market fee owing/ outstanding amounted to \$7500
 - b) Parks and recreation due / accrued amounted to \$11250
- ii. The Reserve fund is 2% of the total internal revenue of the local government.

Required

- a) Statement of financial performance for the year ended December 31, 2018. (15 Marks)
- b) Statement of financial position as at December 31, 2018. (10 Marks)

END OF PAPER