



COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

COURSE TITLE: MPM 218 PUBLIC SECTOR ACCOUNTING

**END OF SEMESTER EXAMINATIONS
NOVEMBER 2019**

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)**

You have just been posted to the Office of the Accountant General Expenditure Unit. The unit is responsible for the consolidation of government accounts. You have been asked to analyse the information given below in the Trial Balance of the Consolidated Fund for the year ended 31 December, 2018.

	DR (ZWL \$) million	CR (ZWL \$) million
Salaries super scale	6760	
Salaries Div. 1 & 2	2010	
Salaries Div. 3	230	
Administrative costs	3350	
Conferences and seminars	1260	
Foreign travel	750	
Social benefits	1040	
Domestic debt interest	1450	
External debt interest	1740	
Purchase of vehicles	250	
Purchase of equipment	410	
Construction of infrastructure	560	
Cash at bank	2470	
PAYE		7330
Corporate tax		5010
VAT		2320
Fines		150
Fees		310
Fuel levy		700
Grants		430
Treasury bills		11120
Bonds		13460
Euro bond		7460
Bilateral and multilateral debt		19660
Other expenditure	910	
Accumulated fund	44760	
	67950	67950

Additional information:

1. VAT of ZWL \$50 million was due to government but was not received by government at 31 December, 2018
2. A grant agreement signed 2017 by the government of Zimbabwe and the Swedish Embassy for the purchase of various medical supplies for Kazozo Health Centre was received and paid for in November 2018,

Required:

(i) Define the following terms as used in Public Sector Accounting and give two (2) example of each classification.

- | | |
|--------------------------------|------------|
| a) Financial Assets | (2 points) |
| b) Non – Financial Liabilities | (3 points) |

ii) Using the information from the Trial Balance prepare Statement of Financial Performance for the Consolidated Fund for the year ended 31 December 2018. (20 points)

QUESTION TWO

(25 Points)

- a) 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)
- b) The conceptual framework for GPFRs reporting for public sector entities recognises elements in the financial statements. List **five** elements recognised. (5 points)
- c) Explain the following principles as defined by GAAP:
 - i. Matching principle (4 points)
 - ii. Cost principle (4 points)
 - iii. Going concern principle (4 points)
- d) Define a government business enterprise and present its characteristics. (4 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)

- a) IPSAS 2: Cash Flow Statements. An entity presents its cash flows in three categories.
Give the **three** categories of cash flows. **(3 points)**
- b) Briefly write about:
- i) Proprietary fund **(4 points)**
 - ii) Fiduciary Fund **(4 points)**
 - iii) Capital projects fund **(4 points)**
- c) Distinguish between public and private sector accounting. **(10 points)**

END OF PAPER