

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY

F - JUN 2023

**PUBLIC SECTOR ACCOUNTING AND FINANCE 1 (AC209/ AC114)
EXAMINATION PAPER**

PROGRAMME

Bachelor of Accountancy (Honours) Degree

TIME ALLOWED: 3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. Answer all questions.
 - a. Section A multiple choice questions each carrying 2 marks.
 - b. Section B structured questions.
 2. No cell-phones are allowed in the examination.
 3. Use of silent non-programmable calculators is allowed.
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SECTION A- MULTIPLE CHOICE QUESTIONS (30 Marks)

1. Which one of the following is not a public sector organisation?
 - A. NetOne Zimbabwe
 - B. Silo Zimbabwe
 - C. TelOne Zimbabwe
 - D. Econet Wireless Zimbabwe

2. Which of the following components of financial statements are defined under International Public Sector Accounting Standard (IPSAS) 1 Presentation of Financial Statements?
 - i. Statement of Performance
 - ii. Statement of Cash flows
 - iii. Budget Report statement
 - iv. Statement of change in net assets
 - A. (i) and (ii)
 - B. (i), (ii) and (iv)
 - C. (i), (ii) and (iii)
 - D. All of the above.

3. Which one of the following is the correct definitions of public sector accounting and finance?
 - i. Process of recording, communicating, summarizing, analysing and interpreting government financial statements and statistics in aggregate and details.
 - ii. It is commonly known with dealing with the allocation of resources in accordance with the budget constraint of public and private sector organisations.
 - iii. A branch of economics which is concerned with resource allocation as well as resource management, acquisition and investment.
 - iv. It is the process of reporting statistics of the government.
 - A. (i) and (ii)
 - B. (i), (ii) and (iii)
 - C. (i) and (iii)
 - D. All of the above

4. Which of the following is/ are NOT a characteristic(s) of public sector reporting with implications?
 - i. Volume of non-exchange transactions
 - ii. The use of approved budgets
 - iii. Regulatory role of private sector entities
 - iv. Statistical reporting needs of the public sector and private sector

- A. (i) and (ii)
 - B. (iii)
 - C. (iv)
 - D. (iii) and (iv)
5. What is the purpose of implementing IPSASs within public sector entities?
- i. For producing quality financial statements
 - ii. For transparency and accountability
 - iii. For private and confidential information
 - iv. For the purpose of comparing government ministries operations only.
- A. (i) and (ii)
 - B. (i), (ii) and (iv)
 - C. (iii) and (iv)
 - D. All of the above
6. Which ones are correct definitions of gross debt?
- i. It refers to the total debt government owes to outsiders (issued debt)
 - ii. It represents a portion of the government total liabilities
 - iii. It represents a portion of the government net assets
 - iv. This amount normally arises due to issue of bonds & debentures
- A. (i) ,(ii) and (iv)
 - B. (i), (ii) and (iii)
 - C. (iii) and (iv)
 - D. All of the above
7. Which of the following statements are correct? The Minister may borrow money in terms of Section 52 of the Public Finance Management Act (No 11-2009) for the following purposes:
- i. to refinance a maturing debt or a loan paid before the redemption date; or
 - ii. to finance national budget deficits; or
 - iii. to obtain foreign currency for any Government undertaking; or
 - iv. to maintain credit balances on a bank account of the Consolidated Revenue Fund.
- A. (i) and (ii)

B. (i),(iii) and (iv)

C. (iii) and (iv)

D. All of the above

8. Whose responsibility is it to appoint and remove the Auditor General in Zimbabwe?

A. President and with the approval of Parliament

B. Governor of Reserve Bank of Zimbabwe

C. Speaker of the National of Assembly

D. Parliament and accountant general

9. Which one of the following is NOT a responsibility of the treasury?

A. Managing the Consolidated Revenue Fund;

B. Determine the manner in which public resources shall be accounted for

C. Manages the Consolidated Revenue Fund, supervise, control and direct all matters relating to the public resources of Zimbabwe.

D. Oversee all statutory funds.

10. Which government fund account can be used for Covid 19 vaccination programme?

A. General fund

B. Special revenue fund

C. Debt service fund

D. Permanent fund

11. Which one of the following is the correct definition of modified cash basis?

A. It allows a short period of time after the year-end for settling liabilities of the year just ended (and treats this expenditure as occurring in the year just ended).

B. Measures cash flows at the time those flows actually take place

C. It records assets and liabilities and is therefore associated with the production of balance sheets

D. It uses both cash basis accounting and accrual accounting

13. The main function(s) of the budget fund balance include:

A. Recording estimated income and expenditure will give government a picture of possible surplus/deficit

B. Indicating where there is need for expenditure control to cut on deficit

C. A base for government to decide on new income earning activities/ adjustments of tax rates to raise more revenue

D. All of the above

14. Which one of the following is a reinventing strategy of any government?
- A. Collection of toll fees
 - B. Nationalisation
 - C. Collection of tax
 - D. Implementation of International Public Sector Accounting Standards (IPSASs)
15. Which one of the following is currently the highest tax revenue contributor in Zimbabwe?
- A. Pay As You Earn (PAYE)
 - B. Import duty
 - C. Intermediated Money Transfer Tax (IMTT)
 - D. The 14.5% Value added tax

SECTION B (70 Marks)

QUESTION 1

- a) Explain the role played by each of the following over public funds management in Zimbabwe.
- i. Constitution of Zimbabwe (5 marks)
 - ii. Procurement Regulatory Authority of Zimbabwe (PRAZ) (5 marks)
 - iii. Public Finance Management Act (5 marks)
- b) Evaluate the methods and means the government of Zimbabwe use to ensure adherence to the principles of public financial management. (10 marks)

[Total: 25 marks]

QUESTION 2

Explain the differences between International Public Sector Accounting Standards (IPSASs) and International Financial Reporting Standards (IFRSs).

[Total: 20 marks]

QUESTION 3

Explain the following types of budgets that can be implemented in public entities:

- a) Incremental budgeting. (5 marks)
- b) Zero based budgeting. (5 marks)
- c) Performance budgeting. (5 marks)
- d) Virement budget. (5 marks)
- e) National budget. (5 marks)

[Total: 25 Marks]

*****END OF EXAMINATION*****