

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**PLOT 91 CADASTRAL ZONE NNAMDI AZIKIWE EXPRESS WAY, JABI-ABUJA**

**FACULTY OF MANAGEMENT SCIENCES**

**DEPARTMENT OF FINANCIAL STUDIES**

**NOVEMBER 2018 EXAMINATION**

**COURSE CODE: ACC418 CREDIT UNIT: 3**

**COURSE TITLE: PUBLIC SECTOR ACCOUNTING AND FINANCE**

**TIME ALLOWED: 21/2 HOURS**

**INSTRUCTIONS:**

**1. Attempt Question 1 and any other three (3) Questions.**

**2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**

**3. Present all your points in a coherent and orderly manner.**

**1.** The Ministry of Commerce & Industries in Kwara State of Nigeria is about to prepare its 2010 Budget for submission to the State Budget Department. The Permanent - Secretary of the Ministry made available to you the following information in respect of the personnel costs.

 Job Title Number Grade Level Salary

 in post (GL)

 Director of Commerce — 17 60,000x 20,000

 Deputy Director of Commerce 2 16 55,000x 18,000

 Assistant Director of Commerce 3 15 50,000x 15,000

 Chief Accountant 4 14 45,000x 12,000

 Assistant Chief Accountant 5 13 40,000x 10,000

 Principal Accountant 4 12 35,000x 9,000

 Senior Commercial Officers 8 10 30,000x 8,000

 Commercial Officer 1 5 09 25,000x 7,000

 Commercial Officer II 10 08 20,000x 6,000

 Principal Trade Officer 12 10 30,000x 8,000

 Senior Trade Officer 10 09 25,000x 7,000

 Higher Trade Officer 12 08 20,000x 6,000

 Executive Trade Officer 15 07 15,000 x 5,000

 Assistant Executive Trade Officer 18 06 12,000 x 4,000

 Clerical Officer 25 04 10,000 x 3,000

 Assistant Clerical Officer 20 03 8,000 x 2,000

 Office Assistant 5 03 8,000 x 2,000

 Drivers 10 03 8,000 x 2,000

 Cleaners 12 03 8,000 x 2,000

The following relevant information is also available.

(i) All the salary levels shown above are step one of the grades and it is the Ministry’s policy to prepare personnel cost budget based on step 4 of the grade level.

(ii) One Deputy Director, two Assistant Directors, one Chief Accountant are due for promotion during the budget year.

(iii) During 2010, four senior commercial officers will be employed to strengthen the Commercial Division.

(iv) Staff allowances constitute 40% of staff salary.

Required: Prepare in summary form, personnel cost budget for the Commerce Division of the Ministry. 25 marks

**2**. In the Ministry of Finance of Giko State where you are an Accounts Supervisor, the following transactions took place in a typical day of the month of December, 20XX:

Messrs A. Ayotunji and Amusat paid ~~N~~80,000 and ~~N~~500,000 being tax, and contractor’s registration fee, respectively. Treasury receipt numbers 65 and 66 dated 16/9/20X1 were accordingly issued.

The payments which were in bank draft numbers logo bank C184860 and C160868 dated 25/9/20X1, were received into Head 1001, Sub-heads 419 and 420.

On 26 September, 20X1, the State Ministry of Education made payments for feeding students and WAEC examination fees, totalling ~~N~~10,000,000 and ~~N~~40,000,000 respectively, through the CBN cheque numbers A/B 846264 and A/B 946270. The payment vouchers were numbered 60 and 63, respectively.

The payment by the Ministry of Education was charged to Head 2004, Subheads 7 and 9, respectively.

Required**:**

(a) Draw both the debit and credit sides of a typical Treasury Cash Book. 7 marks

(b) Post the above-stated transactions into the Cash Book. (Ignore balances b/f and c/f). 8 marks

**3**. The following trust funds to be managed by Wazobia Trustees were created on January 3, 2013 with the amounts stated below:-

 ~~N~~’000

Kolaq Foundation Fund 5,000

Ajai Scholarship Fund 10,000

Laji Children Fund 15,000

On the same day, investments were made on these funds as follows :

Kolaq Foundation Fund- 400,000 Unique shares of ~~N~~1.00 each were purchased at ~~N~~4.00 each.

Ajai Scholarship Fund – 1.000,000 Bangam Shares were purchased at ~~N~~3.00 each.

Laji Children Fund – 1,685,000 shares of Stoker were purchased at ~~N~~5.00 each.

Other transactions during the year are as follows:-

Expenses on Kolaq Foundation Fund – ~~N~~750,000

Scholarship awards under Ajai Fund cost ~~N~~900,000.

450,000 shares in Stoker were sold for ~~N~~2,500,000

Required**:** Write all the Trust Fund Accounts relating to this transaction in the book of Wazobia Trustee showing the Funds accounts and Investment accounts separately.

15 marks

**4**. The functions of the office of the Auditor-General for the Federation is to audit the accounts of all Accounting Officers and all persons entrusted with the collections, receipts, custody and issue or payment of the Federal Government moneys or with the receipt collection issue, sale transfer of delivery of any stamps, securities, stores, or other property of the Government of the Federation and for the certification of the annual accounts of the Government.

In the light of the above:

(a) Differentiate between Primary and Secondary objective of carrying out an audit in the Public Sector. 4 marks

(b) i. What is Internal Control? 3 marks

 ii. Outline the importance features of Internal Control with brief notes on each of the features.

 8 marks

**5**. (a) What are the exempted revenues not addressed in IPSAS 9 on ‘Revenue from Exchange transactions? 7 marks

 (b) Discuss the strategies available to a developing country like Nigeria to reduce its debt burden. 8 marks

**6.** Outline and discuss briefly the Constitutional and Regulatory Framework of Public Sector Accounting in Nigeria**.** 15 marks