



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ACCOUNTING, FINANCE AND HUMAN CAPITAL MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CAC 410
COURSE TITLE : PUBLIC SECTOR ACCOUNTING 11
SPECIAL REQUIREMENTS :
DURATION : 3 Hours
LEVEL : 4.2
DATE : 11 JUN 2024

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue
2. Use of silent, non-programmable calculators is allowed
3. Answer ALL questions.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets []

Question One

The following records have been taken from the trial balance of Zimbabwe Gender Commission, a public entity for the year ended 31 December 2019.

	Dr	Cr
	ZWL,000	ZWL,000
Buildings	6342	
Buildings accumulated depreciation		2162
Inventories (31 December 2019)	1223	
Receivables	100	
Short term investments	90	
Cash	420	
Payables		369
Long-term loans		400
Accumulated surpluses		840
Staff costs	1250	
Electricity	30	
Office stationery	15	
Insurance	345	
Bank interest charges	5	
Investment income		20
Reserves		142
Revenue from admission charges		376
Grant for staff training		40
Donations		25
Other revenues		46

Government grant for operating expenses		1400
Capital contributed by Government		4000
	9820	9820

Additional Information

1. Depreciation is still to be accounted for. The Commission depreciates its assets over 40 years using the straight line basis. Exhibits are not included in the trial balance as the commission has not been able to determine a realistic value for the majority of the items.
2. On 1 October 2019 the commission was given permission to take a long-term loan of \$400 000 in order to acquire some artifacts of national significant. The loan liability has been recognized in the trial balance. The loan interest is payable when the loan itself is to be repaid at the end of ten years and the interest rate to be applied is 8%. The artifacts have not yet been purchased.
3. The insurance expenditure included in the trial balance has been paid for the period from 1 January 2019 to 28 February 2020.
4. A pay increase was announced in December 2019 and is to be applied from 1 November 2019. The cost of the increase for 2019 is \$60 000 but this was not paid to employees until January 2020.

Required

From the information above ,

- (a) prepare a statement of financial performance for Zimbabwe Gender Commission for the year ended 31 December 2019 **(11 Marks)**
- (b) and a statement of position for Zimbabwe Gender Commission for the year ended 31 December 2019 **(9 Marks)**

(Total 20marks)

Question Two

The statements of financial position for Mt Darwin Hospital as at 31 December 2018 and 2019 are as follows:

	2018 ZWL000	2019 ZWL000
ASSETS		
Non Current Assets		
Intangible assets	6 513	7 418
Property, plant and equipment	158 000	177 000
Total non current assets	164 513	184 418
Current Assets		
Inventories (drugs)	4 195	4 566
Receivables	9 762	11 755
Cash and cash equivalents	36 799	46 874
Total current assets	50 756	63 195
TOTAL ASSETS	215 269	247 613
EQUITY AND LIABILITIES		
Capital contributed by government	79 163	71 246
Revaluation reserve	42 300	46 874
Retained surplus / (deficit)	76 556	88 927
Total equity	198 019	207 047
Non current liabilities		
Long term borrowing	8 700	23 500
Provisions	350	507
Total current liabilities	9 050	24 007
Current liabilities		
Trade and other payables	7 850	15 619
Borrowings	350	940
Total current liabilities	8 200	16 559
TOTAL EQUITY AND LIABILITIES	215 269	247 613

The hospital's statement of financial performance for the year ended 31 December 2019 was as follows:

	2019 ZWL000
Revenue	
Income from patient related activities	257 500
Other operating income	24 580
	<hr/> 282 080
Expenses	
Staff costs	(199 500)
Drug costs	(25 700)
Depreciation	(10 400)

Other operating expenses	(32 890)
	(268 490)
Interest received	134
Loss on disposal of asset	(180)
Finance costs - interest paid	(1 231)
Finance costs - unwinding of discount on provisions	(7)
	(1 284)
Surplus for the period	12 306

1. During 2019 the hospital incurred costs of ZWL1 255 000 on research and development. Research costs of ZWL 350 000 were written off to the statement of financial performance as 'other operating expenses'. The remainder of ZWL 905 000 were development costs which were capitalised.
2. The loss on disposal of assets relates to some outdated medical equipment with a net book value of ZWL 200 000. The equipment had previously been revalued by ZWL 65 000. Half of the proceeds of sale were received on 1 October 2019 with the remainder due to be received on 1 February 2020.
3. The receivables balances relate to income from patient related activities and the amount owed in relation to the disposed asset referred to in note 2.
4. The payables balances relate entirely to staff costs.
5. Each year approximately 10% of the opening balance of the capital contributed by government is repaid to Central Government. The payment of ZWL 7 917 000 was made on 1 March 2019.
6. The revaluation reserve relates entirely to property, plant and equipment.
7. During 2019 new long term loans of ZWL 20 000 000 were received from the Hospital Financing Facility. Some long term loans were also repaid during the year.
8. During the year ending 31 December 2019 new provisions totalling ZWL150 000 were set up for new medical negligence claims.

Required

Using the indirect method, prepare the cashflow statement for Mt Darwin Hospital for the year ended 31 December 2019.

(20 Marks)

(Total 20marks)

Question Three

3. What are duties and powers of the following in as far as Zimbabwe Public Finance Management Act is concerned

- (a) Minister of Finance and Economic Development (4 Marks)
- (b) Permanent Secretary in the Ministry of Finance and Economic Development (4 Marks)
- (c) Accountant-General (4 Marks)
- (d) Accounting officer (4 Marks)
- (e) Auditor-General (4 Marks)

(Total 20marks)

Question Four

- a) Samba Rural District Council owns trucks which are being used for carrying garbage. The trucks were purchased for \$750 000 each and were expected to be used for 10 years. After 3 years of use, two of the trucks got involved in an accident. The cost of repairing the trucks will amount to \$350 000 in total. The estimated cost of a truck is \$900 000.

Required

Calculated impairment loss using the restoration cost approach and show appropriate journal entries. (10 Marks)

- b) The Office of the Registrar acquired a printer for \$200 000. On acquisition, it was expected that the printer will print 5 million passports over 5 years. Two years after acquisition, one the parts broke. A similar part can be used in its place, however it will result in a 1 million reduction in the number of passports that the printer can produce. The part can be replaced at no cost to the Registrar's Office. 2 million copies of passports have been printed to date. The current replacement cost of the printer is \$250 000.

Required

Use the Service units approach to calculate impairment loss on the printer. Show Statement of Financial Performance and Statement of Financial Position Extracts at the end of year two.

(10 Marks)

(Total 20marks)

Question Five

- a) Most developed and developing countries have fully adopted IPSASs to an extent that they are now preparing consolidated financial statements for the whole governments (Whole Government Accounts). The same cannot be said about Zimbabwe where adoption of these IPSASs remains a plan on papers.

Required

Write a paper to the Minister of Finance and Economic Development advising him on why it is important to adopt IPSAS and prepare whole government accounts.

(10 marks)

- b) IPSAS 24 requires that budget information be included in financial statements. Explain why that is a critically important practice in public sector account.

(10 marks)

(Total: 20 Marks)

END OF EXAMINATION QUESTION PAPER

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