

ZIMBABWE EZEKIEL GUTI UNIVERSITY



**DEPARTMENT OF ACCOUNTING FINANCE
B. COM (HONOURS) ACCOUNTING**

PUBLIC SECTOR ACCOUNTING II (CAC410)

TIME ALLOWED: 3 HOURS

29 NOVEMBER 2018

INSTRUCTIONS TO CANDIDATES:

1. Answer all questions.
2. No cell-phones are allowed in the examination.
3. Use of silent non-programmable calculators is allowed.

Question 1

- (a) State and explain the internal and external methods of loan redemption in the public-sector organisations of Zimbabwe. (12 marks)
- (b) An external loan of \$500 000 bearing interest of 20% per annum must be repaid in full after 6 years. Redemption fund contributions have to be made in such a way that the statutory requirement of 8% per annum is met.

Required:

- (i) Prepare an amortisation table in which the periodic contributions, interest earned on investments and accumulated fund investment at the end of each period is shown. (9 marks)
- (ii) Prepare relevant journals with narration in the second year. (4 marks)

[Total: 25 marks]

Question 2

- a) Explain the similarities and differences between IPSAS 23: Revenue from non- exchange transaction and IPSAS 9: Revenue from exchange transaction. (12 marks)
- b) Identify any 7 related parties as provided by IPSAS 20, Related Parties. (7 marks)
- c) Outline the disclosure requirements of the IPSAS 24, Budget Reporting. (6 marks)

[Total: 25 marks]

Question 3

The following relate to TTT Town Council which has a trading unit of a restaurant for the period to 31 December 2017.

Capital outlay

	(\$000)
Land	7 000
Buildings	25 000
Equipment	17 000

Outstanding advances

Loans fund	20 000
Advances repaid	8 000
Revenue contribution to capital outlay	11 500
Revenue account surplus	3 300

Capital expenditure

New equipment (from revenue)	750
Building alterations (from advances from loan fund)	1 250
Sale of meals and refreshments	89 000
Miscellaneous income	8 000
Provisions	53 800
Transport	1 200
Salaries	20 000
Upkeep of buildings	6 250
Repair and renewals equipment	1 100
Administration expenses	1 400
Interest on advances from loans fund repaid	1 600
Advances on loans fund repaid	1 250

Balance at the end of the period

	(\$000)
Sundry debtors	1 800
Sundry creditors	4 000
Cash	4 100
Stock	3 000

Adjustments are as follows;

- (a) Miscellaneous income includes a figure of \$100 000 from the sale of some equipment which originally cost \$400 000 and had been purchased from revenue. This income will be used to reduce the balance in advances in the loans fund.
- (b) \$100 000 which represents bad debts to be written off.

Required:

- (a) Prepare the Revenue Account for the year ended 31 December 2017. (10 marks)
- (b) Prepare Memorandum Capital Statement for the year ended 31 December 2017. (10marks)
- (c) Prepare a Statement of Financial Position as at 31 December 2017. (5 marks)

[Total: 25 marks]

Question 4

Public Sector organisations in Zimbabwe are embracing the IPSAS. Discuss. (25 marks)

[Total: 25 marks]

*******End of examination paper*******