



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja**  
**FACULTY OF MANAGEMENT SCIENCES**  
**DEPARTMENT OF FINANCIAL STUDIES**  
**2020\_2 EXAMINATION™**

**Course Code: ACC418**

**Credit Unit: 3**

**Course Title: PUBLIC SECTOR ACCOUNTING AND FINANCE**

**Time Allowed: 2<sup>1/2</sup> HOURS**

**Instructions:**

- 1. Attempt Question 1 and any other three (3) Questions.**
- 2. Question 1 is compulsory and carries 25 marks while the other Questions carry 15 marks each.**
- 3. Present all your points in a coherent and orderly manner.**

**Question 1**

The following figures were extracted from the Department Vote Expenditure Account (DVEA) and Department Vote Revenue Account (DVRA) of Olamaboro Local Government Council of Kogi State, Nigeria for the year ended 2019.

Head	Details	Amount (N)
1001	Commercial Undertakings	2,500,000
1002	Taxes and Rates	10,520,000
1003	Licenses, Fines and Fees	3,320,000
1004	Interests and Dividends	200,000
1005	Rent on Local Government Properties	100,000
1006	Statutory Allocations	17,530,000
1007	Reimbursements	35,000
1008	Miscellaneous	770,000
2001	Local Government Council	20,000
2002	Finance Department	5,550,000
2003	Office of the secretary	1,600,000
2004	District Area Office	102,000
2005	Education	210,000
2006	Planning and Budgeting	10,000
2007	Community Development	40,000
2008	Works Department	3,000,000
2009	Health and Social Welfare	3,500,000
2010	Traditional offices	110,000
2011	Commercial and Industries	205,000
2012	Other Charges	350,000
2013	Miscellaneous	320,000
4000	Capital	15,000,000

Note the following information:

- a) The codes adopted by the Local Government are: 1001, 1002, and so on are for revenue heads; 2001, 2002, and so on are for expenditure heads and 4000 is for capital expenditure.
- b) The general revenue balance for 1<sup>st</sup> January, 2019 is N2,000,000.
- c) On 31<sup>st</sup> December, 2019 liquid assets of Olamaboro Local Government Council are: Advances N520, 000, Fixed Deposit N820,000, Investment in shares N450,000. The Liabilities of the Local Government include deposit of N1, 200,000 at this date.

**Required:**

You are required to prepare the following Accounts for submission to Lugard House in Lokoja:

- i) General Revenue and Expenditure Accounts for the year ended 31<sup>st</sup> Dec., 2019.
- ii) Statement of Assets and Liabilities as at 31<sup>st</sup> December, 2019.
- iii) Statement of balance at bank on 31<sup>st</sup> December, 2019

**(25 Marks)**

**Question 2**

Kogi State Ministry of Health is planning to build a Central Reference Hospital at Okene. The Commissioner of Health has identified three accommodations from which the hospital will take off. The Ministry of Health has seen one accommodation at Obehira, another one at Inojomi and the last one at Okene City Centre.

- a) The accommodation at Obehira has the following annual rents for five years: Year 1 (N250,000); Year 2 (N280,000); Year 3 (N300,000); Year 4 (N310,000); Year 5 (320,000). The agreement requires that N50,000 has to be paid for legal and agency costs. The annual maintenance cost is N200,000.
- b) The second accommodation at Inojomi requires N300,000 to be paid at the beginning of the lease and annual rental payment is N200,000. The cost of maintenance annually is N120,000. The legal and agency fee is N50,000 at the time of paying the first rental payment.
- c) The third accommodation is at Okene City Centre which has annual rent of N340,000, to be increased by N10,000 in the third year, annual maintenance cost is N100,000, and the legal and agency fee is N50,000.

**Required:**

Use discounting technique to compute for five years and comment on the cost of the three accommodations and recommend one to the ministry. The ministry's notional cost of borrowing is 15% with the assumption that the cash flows arise at the end of the year.

Note the following information:

Year	15% discounting factor
1	0.8696
2	0.7561
3	0.6575
4	0.5718
5	0.4972

**(15 Marks)**

### Question 3

Describe the economic benefits and general challenges of IPSAS implementation in Nigeria.

**(15 Marks)**

### Question 4

Explain the meaning of Zero Based Budgeting (ZBB), state why it should be preferred and why it should not be adopted.

**(15 Marks)**

### Question 5

- State the financial statement that an autonomous government hospital is required to prepare. **(6 marks)**
- Explain Vouching Audit and its process. **(9 Marks)**

**(15 Marks)**

### Question 6

Explain the following terms:

- Cash Transcript
- Complete Audit
- Public Utilities
- International Public Sector Accounting Standards(IPSAS)
- Base estimate

**(15 Marks)**