



UNIVERSITY OF RUHUNA
FACULTY OF MANAGEMENT AND FINANCE

No. of Pages : 04
No. of Questions: 07
Total Marks : 70

BACHELOR OF BUSINESS ADMINISTRATION HONOURS DEGREE

4000 LEVEL FIRST SEMESTER END EXAMINATION – AUG/SEP 2022

Three Hours

ACC 41113 – Public Sector Accounting and Finance

Academic Year 2021/2022

Instructions

- ➔ This Question paper includes seven (07) questions
- ➔ Answer (05) questions including question number one.

Question 01

Following information were taken place in the Department of Transport for the month ended 30 November 2021.

Description	Amount Rs.	Classification of transaction
Imprest from Treasury	450,000	Imprest
Collection from Fine charges	20,000	20.03.20.13
Purchase of Computers	200,000	978-1-1-1300
Re-imbusement of petty cash imprest		
- Stationeries	2,500	978-1-1-1401
- Traveling	3,500	978-1-1-1402
Receipt from a sale of damaged office equipment	125,500	20,03,10,14
Telephone charges	22,500	978-1-1-1200
Tender Deposits	45,000	Deposit A/C
Surcharges on overtime paid to Mr. Thejan	5,000	Surcharge A/C
Expenses for conducting inspections	20,500	978-1-1-1208
Income from booking charges	30,000	20,03,10,05
Refund of Tender Deposits	20,000	Deposits A/C
Advances for fuel – Mr. Kumar	22,500	Advance A/C
Income from issuing driving license	75,500	20,03,11,05
Training programme for the staff	95,000	978-1-1-1501
Received a cheque from Department of Education for settlement of a loan balance of Mrs. Amanda	60,000	A.P.O.A.A.
Salaries and Wages (Net)	520,000	978-1-1-1210

Following additional information was provided for the month ended 30 November 2021.

- (i) The opening cash balance of the Department of Transport as at 31/10/2021 is Rs.110,000.
- (ii) Vote Ledger of the Department consists with Gross salaries and Wages of Rs.600, 000.It includes deductions for W. & O. P. Fund, Rent and Insurance at 4:3:1 ratio respectively
- (iii) Rs.50,000 had been given as an advance to Mr. Silva for the accommodation and traveling for an official Seminar in the last month and he produced bills and vouchers only for Rs.35,000 and settle the balance on last day of the month.
- (iv) The Sub Imprest of Rs.40, 000 was given to Mr.Kanchana. He paid Rs.25, 000 to purchase stationery. The balance settled.

Assuming that you are the accountant of the Department of Transport, prepare followings for the month of November 2021 without classification column.

- | | |
|---|-------------------|
| (a) Cash Book | (08 marks) |
| (b) Authorized Imprest Account as shown in the Departmental Books | (04 marks) |
| (c) Vote Ledger | (02 marks) |

(Total Marks 14)

Question 02

- (a) Mr. Aruna who is working as a government accountant in a government department explains you that according to the article 150 (1) of the Constitution of Democratic Socialist Republic of Sri Lanka, 1978 there are two exceptional scenarios where sums can be withdrawn from the Consolidated Fund without issuing warrants by the Minister of Finance.

Do you agree with his statement? Justify your answer with the support of any articles from the constitution.

(05 marks)

- (b) Briefly explain how the consolidated fund is formed and what type of expenses can be charged from the fund.

(04 marks)

- (c) "The chief function of the Treasury is to maintain control and supervision over government finance. It is therefore the duty of the Treasury to set up a financial administration system to achieve this above purpose".

Describe the controlling and supervisory functions of the treasury.

(05 marks)

(Total Marks 14)

Question 03

- (a) In the event of any unforeseen circumstances as a directive by the Cabinet a Supplementary estimate can be issued.

Describe the two instances which a supplementary estimate can be issued and list down the steps involved in issuing the supplementary estimate.

(04 marks)

- (b) "In a time period which Sri Lanka is undergoing a financial crisis we as citizens should have a better understanding about the objectives and special priorities of the Finance Ministry in the country as it is the main party who govern the entire finance of the country".

Discuss the validity of this statement giving special attention to objectives and special priorities of Finance Ministry.

(05 marks)

- (c) "When granting authority for charging expenditure on the Consolidated Fund using a General Warrant, Cabinet if wishes can with hold expenditure over certain supply services".

Do you agree with this statement? Briefly explain how these withheld supply services can be authorized and released when required?

(05 marks)

(Total Marks 14)

Question 04

- (a) "Government accounting and budgeting in Sri Lanka is now moving away gradually from cash basis accounting and started to adopt accrual basis accounting".

Explain the validity of this statement by giving attention to issues or limitations in cash basis accounting and advantages in accrual basis accounting.

(05 marks)

- (b) Contrast between General Purpose Financial Statements and Special Purpose Financial Statements.

(04 marks)

- (c) The Institute of Chartered Accountants of Sri Lanka follows a due process for the development of SLIPSAS that allows all interested parties to provide their comments on the development of the standards and encourages reviews.

Briefly explain the steps involved in the due process for the development of SLIPSAS.

(05 marks)

(Total Marks 14)

Question 05

- (a) "The loss has been caused by delay, neglect, fault or fraud of an officer or officers, or from noncompliance with Financial Regulations or departmental rules or orders, the officers concerned should make a good such loss."

Briefly explain the course of Action which should be taken when losses occur in a government department.

(04 marks)

- (b) List out the general responsibilities of Accounting Officers and Revenue Accounting Officers.

(06 marks)

- (c) State four (04) cases where Virement Procedure should not be adopted when the transfer of financial provisions.

(04 marks)

(Total Marks 14)

Question 06

- (a) Briefly discuss the five (05) functions of the Internal Audit Units in relation to the financial operations of a governmental department.

(04 marks)

- (b) The Service pledge of the Ministry of Finance in Sri Lanka states that "we will provide our services to the public with access, respect, responsiveness, and Effectiveness while ensuring transparency and accountability."

Discuss six (06) main codes of conducts which are expected to be followed by the public servant serving at the Ministry of Finance and Planning.

(06 marks)

- (c) Article 153 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka, 1978, states that "There shall be an Auditor-General who shall be a qualified Auditor, and subject to the approval of the Constitutional Council, be appointed by the President and shall hold office during good behavior."

Briefly explain the duties and functions of the Auditor-General.

(04 marks)

(Total Marks 14)

Question 07

Write short notes on following topics

- (a) Objectives of Public Enterprises
- (b) Difference between Public Sector Accounting and Private Sector Accounting
- (c) Sources of money received to the government department
- (d) Waivers

(03.5 marks each)

(Total Marks 14)
