

**OLABISI ONABANJO UNIVERSITY AGO-IWOYE**  
**FACULTY OF ADMINISTRATION AND MANAGEMENT SCIENCES**  
**DEPARTMENT OF ACCOUNTING,**  
**2018/2019 HARMATTAN SEMESTER EXAMINATION**

**ACC 409:** PUBLIC SECTOR ACCOUNTING  
**INSTRUCTION:** ATTEMPT ANY FOUR QUESTIONS  
**TIME ALLOWED:** 2 HOURS

1. The Receipts and disbursements of Ago Iwoye State Government from January to December 2018 in respect of capital projects are as follows:

	N
Utilities	5,000,000
Livestock, forestry and fishery	3,000,000
Mining and Quarrying	6,500,000
Manufacturing	6,000,000
Construction	12,000,000
Transport	8,500,000
Communications	10,000,000
Wholesale and Retail Trade	7,500,000
Housing	15,000,000
Issues from the Consolidated Revenue Fund	3,500,000
External Grants	5,000,000
Opening balance (credit balance)	25,000,000
Producers of Government Services	5,500,000
Others services	2,000,000
Internal Loans	50,000,000
External Loans	75,000,000

**Required:**

- Define the development Fund and itemize the sources of revenue as well as charges to this account
- Prepare the State of Development Fund Account as at 31<sup>st</sup> December 2018.
- Set out the rules for the operation of the Fund

- Local Government Councils in Nigeria have statutory, permissive and incidental revenue sources with which to discharge their constitutional obligations. State and explain these revenue sources.
- Outline the Constitutional and Regulatory Framework of Public Sector Accounting

3. Ijebu-Igbo Local Government was carved out of Ijebu-North Local Government three years ago. The activities of the Treasury Department of the Local Government have increased tremendously and the following personnel cost estimates of the department for 2018 have been duly computed:

Rank	No in Post	Salary Grade Level	Basic Salary
			N



Cleaners	15	03	3000x300	✓
Drivers	10	03	3000x300	✓
Messengers	5	03	3000x300	✓
Ass. Clerical Officer	20	03	3000x300	✓
Clerical Officer	25	04	3600x400	✓
Snr. Clerical Officer	18	05	4000x400	✓
Asst. Executive Officer	21	06	5500x400	✓
Executive Officer	15	07	5500x450	✓
Higher Exec. Officer	12	08	6000x450	✓
Snr. Executive Officer	10	09	8000x800	✓
Prin. Exec. Officer	12	10	10,000x1000	✓
Accountant II	8	08	6,000x450	✓
Accountant I	6	09	8,000x800	✓
Snr. Accountant	8	10	10,000x1000	✓
Prin. Accountant	4	12	12,000x1200	✓
Chief Accountant	2	14	18,000x1800	✓
Treasurer II	1	15	20,000x2000	✓
Treasurer I		16	25,000x2500	✓

#### Additional Notes:

- Staff Allowance is 40% of basic salary
- All the salary levels shown above are step one of the grade and it is the local government policy to present the personnel cost budget based on step four of each salary grade level.
- The Treasurer II, one Chief Accountant and One Accountant II are all due for promotion during the budget year to their next respective grade levels step four with effect from January.
- During the budget year, two senior Accountants on grade level 10 steps 4 will be engaged to boost the revenue base of the local government.

#### Required:

Prepare Summary Personnel budget for the Treasury department of Ijebu-Igbo Local government for the quarter ended 31<sup>st</sup> December 2018.

- (a) The remuneration of certain categories of public officers are chargeable against the Consolidated Revenue Fund of the Federation. List at least ten of such officers.

(b) What are the main criticisms of incremental budgeting?

- The users of government accounting and financial reports can be classified into two categories: Internal and External.

#### Required:

- List under each category five distinct internal and external users of government financial reports and the purposes for which the reports are required.
- Distinguish between Federation Account and Consolidated Revenue Fund (CRF)

6. Ogun State Water Corporation has three projects to invest in. These projects are mutually exclusive. Estimated cash inflows and outflows of each project are stated below:

	A	B	C
	N'000	N'000	N'000
Initial cash outlay	7,000	9,000	11,000
Inflows of cash			
Year 1	2,500	4,000	3,000
Year 2	2,500	3,000	3,000
Year 3	2,500	5,000	7,000

The Water Corporations cost of capital is 10% per annum.

**Required:**

- As Accountant 1 to Ogun State Water Corporation, advise on the desirability or otherwise of these projects using the payback period of investment appraisal methods.
- Define the payback period.
- List the merits and the demerits of payback period method

SHAREHOUSE.OOUBLOG.COM