

**PAPER A**



**TECHNICAL UNIVERSITY OF MOMBASA**

**SCHOOL OF BUSINESS**

**BUSINESS ADMINISTRATION DEPARTMENT**

**COURSE/CLASS:** BACHELOR OF BUSINESS ADMINISTRATION

**UNIT CODE:** BFI 4104

**UNIT NAME:** PUBLIC FINANCE 1

**SERIES:** MAY, 2016

**PAPER DURATION:** 2 HOURS

**NO OF STUDENTS:** 40

**INSTRUCTIONS TO CANDIDATES:**

Answer question ONE (Compulsory) and any other TWO questions.

## **PAPER A**

### **Question 1.**

- (a) In utilization of public finances the government engages in activities of providing public goods and services. Describe **SIX** activities of the government (12 marks)
- (b) Discuss **SEVEN** categories of taxes levied in Kenya (14 marks)
- (c) Apart from taxes list other **FOUR** sources of government revenue (4 marks)

### **Question 2.**

Explain the canons of optimal tax system (20 marks)

### **Question 3.**

- (a) Explain the principle of Maximum Social Advantage (10 marks)
- (b) Discuss the characteristics of public good (5 marks)
- (c) Discuss the characteristics of private good (5 marks)

### **Question 4.**

- (a) Discuss the Adolph Wagner Hypothesis (10 marks)
- (b) Discuss the Canons of public expenditure (10 marks)

### **Question 5.**

- (a) Explain the role of fiscal policy towards the government budget (5 marks)
- (b) Discuss classes of public debt (15 marks)