



**TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS**

DEPARTMENT OF MANAGEMENT SCIENCE

UNIVERSITY EXAMINATIONS 2016/2017

FIRST YEAR SECOND SEMESTER EXAMINATIONS FOR BACHELOR OF
COMMERCE AND BACHELOR OF BUSINESS ADMINISTRATION

BFI 4130: PUBLIC FINANCE I

END OF SEMESTER EXAMINATIONS

SERIES: DECEMBER 2016

TIME: 2 HOURS

INSTRUCTIONS:

1. Answer Question **ONE (Compulsory)** and any other **TWO** questions.
2. Question one carries 30 marks
3. Other questions carry 20 marks each.
4. Marks will be awarded to students who demonstrate accuracy and clarity of presentation.

QUESTION ONE (COMPULSORY)

- a) Explain the meaning, importance and objectives of public expenditure (8 marks)
- b) Define the budget process and explain the key steps involved in the budget process in Kenya (12 marks)
- c) What are the advantages of direct and indirect taxation (10 marks)

QUESTION TWO

- a) Explain the meaning and key elements of public finance (8 marks)
- b) Define budgetary control outlining its limitations and advantages (12 marks)

QUESTION THREE

- a) What are the characteristics of a good tax system? (14 marks)
- b) Economies experience periods of boom and depression. What budgeting techniques should be employed to handle the challenges arising from this economic situations (6 marks)

QUESTION FOUR

- a) Distinguish between the balanced and unbalanced budget and clearly outline the implications of unbalanced budget (8 marks)
- b) Is all government expenditure good for the economy? Discuss (7 marks)
- c) List the components of a budget (5 marks)

QUESTION FIVE

- a) What are the various sources of government revenue? (10 marks)
- b) Discuss the various classification of public debt (10 marks)