



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

ACCOUNTING AND FINANCE

UNIVERSITY EXAMINATION FOR:

BACHELOR OF BUSINESS ADMINISTRATION/BACHELOR OF COMMERCE

BFI 4130 PUBLIC FINANCE

END OF SEMESTER EXAMINATION

SERIES: DECEMBER 2016

TIME: 2 HOURS

DATE:

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of FIVE questions. Attempt Question ONE and any other TWO questions from this paper.

Do not write on the question paper.

QUESTION 1(Compulsory)

- (a) Explain the principle of Maximum Social Advantage **(10 marks)**
- (b) Discuss the main objectives of public finance **(10 marks)**
- (c) Outline the differences between private finance and public finance **(10 marks)**

QUESTION 2

- (a) Explain the major classifications of public debt **(10 marks)**
- (b) Discuss the burden of public debt **(10 marks)**

QUESTION 3

- (a) Explain the sources of government revenue **(10 marks)**

(b) What are the advantages and disadvantages of direct and indirect taxes **(10 marks)**

QUESTION 4

(a) Discuss the objectives of budgetary control **(10 marks)**

(b) Describe extensively the budgeting process with respect to Kenya **(10 marks)**

QUESTION FIVE

(a) Explain the principles of a good tax system **(10 marks)**

(b) In taxation, equity refers to fairness in the distribution of the tax burden. Discuss **(10 mark)**