



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 ONE

- (a) Define and differentiate public finance and fiscal policy (6 marks)
- (b) Explain the major objectives of fiscal policy (6 marks)
- (c) Should government be responsible for public expenditure? Discuss. (8 marks)

QUESTION TWO

- (a) Discuss five sources of revenue for the Kenyan government (10 marks)

- (b) Tax is always a burden of consumers. Discuss this statement with reference to public finance and fiscal policy (10 marks)

QUESTION THREE

- (a) Using examples differentiate between public debt and private debt (6 marks)
- (b) Explain the effects of public debt on economic growth (8 marks)
- (a) Identify the major sources of public borrowing (4 marks)

QUESTION FOUR

- (a) With the help of relevant examples discuss the canons of public expenditure (10 marks)
- (b) Discuss the nature and objectives of public expenditure (10 marks)

QUESTION FIVE

- (a) Discuss the key steps involved in the budget process in Kenya (12 marks)
- (b) Discuss the challenges faced in implementation of budget in Kenya (8 marks)