



**TECHNICAL UNIVERSITY OF MOMBASA**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF ACCOUNTING & FINANCE**

**UNIVERSITY EXAMINATION FOR**

**BACHELOR OF COMMERCE**

**(YEAR 3 SEMESTER 1)**

**BFI 4303: FINANCIAL MANAGEMENT IN PUBLIC SECTOR**

**INSTRUCTIONS**

You should have the following for this examination

-Answer Booklet

This paper consist of FIVE questions.

Attempt question One (Compulsory) and any other two questions

Maximum marks for each part of a question are shown

This paper consist of two printed pages

Do Not Write on the Question paper

1. a) Describe the principles of Public Financial Management [10 Marks]
  - b) An investment project required an initial outlay of Kshs. 12,000 and will pay back £4,000 at the end of each of the next five years. It is worthwhile if capital can be invested elsewhere at 12%. [10 Marks]
  - c) Describe the major process of zero base budgeting [10 Marks]
2. a) Explain the advantages of participatory budgets [10 Marks]
  - b) Explain the main sources of government revenue [10 Marks]
3. a) Differentiate between devolution and decentralization [10 Marks]
  - b) Explain the main reasons for decentralization [10 Marks]
4. a) Discuss the main quantitative forecasting methods [10 Marks]
  - b) Explain the primary functions of local government [10 Marks]
5. a) Describe the main objectives of Producer Co-operative Societies [10 Marks]
  - b) Explain the advantages of value added statements as a method of performance evaluation [10 Marks]