



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING & FINANCE

UNIVERSITY EXAMINATION FOR:

BACHELOR OF COMMERCE

BFI 4305:PUBLIC FINANCE II

END OF SEMESTER EXAMINATION

SERIES:JULY 2017

TIME:2HOURS

DATE:sept. 2017

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 (Compulsory) and any other TWO questions.

Do not write on the question paper.

QUESTION ONE

- a. How do developing economies pay public debt to developed economies. (15 marks)
- b. Discuss the budget formulation cycle. (15 marks)

QUESTION TWO

- a. Discuss how effective are taxes levied by the county government in improving standards of living (10 marks)
- b. Discuss the concept of tiebout-oates hypothesis of service delivery process by local authorities. (10 marks)

QUESTION THREE

Governments are supposed to use public revenue according to the principles of Maximum Social Advantage; discuss referring to a particular sector of expenditure in government of your choice (20 marks)

QUESTION FOUR

- a. Discuss the canons of taxation (20 marks)

QUESTION FIVE

Local authorities in Kenya regularly received Local Authority Transfer Fund(LATF) while collecting rates but still there borrowing increased every year. How could they have prevented this challenge? (20 marks)