



GRE TSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS MAY-AUGUST 2023 SEMESTER

DIPLOMA IN BUSINESS MANAGEMENT

COURSE CODE: DBFI 013

COURSE TITLE: INTRODUCTION TO PUBLIC FINANCE

DATE: 3 AUGUST 2023

TIME: 3:00 PM – 6:00 PM

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: *All exam rooms are under CCTV surveillance during the examination period.*

SECTION A: COMPULSORY

Question One

- a) Discuss the major functions of a modern government **[12 Marks]**

- b) Highlight the importance of a budget and budgetary measures in the context of public financial management **[12 Marks]**
- c) Explain two ways in which a government may be able to bridge the budget gap and thereby balance an un-balanced budget **[8 Marks]**
- d) Break down Public Finance into its constituent parts and explain how each is related to the activities and functions of a government **[8 Marks]**

SECTION B: ANSWER ANY THREE QUESTIONS

Question two

- a) Tax is the main source of a government revenue and it is cheaper than any other type of government revenue. Beside tax, highlight five other sources from where the government of Kenya derives her revenue **[10 Marks]**
- b) Distinguish between:
 - i) Revenue and capital expenditure of a government **[5 Marks]**
 - ii) Impact and incidence of a tax **[5 Marks]**

Question three

- a) Discuss the basic steps in Capital Improvement Process **[10 Marks]**
- b) Indicate clearly the three functions of a budget **[10 Marks]**

Question four

- a) With respect to budget as a financial management tool explain how managing public finance differs from private financial management **[12 Marks]**
- b) Explain the two Principles of Public Finance **[8 Marks]**

Question Five

Write short notes on the following heads of current expenditure of the Kenyan government

- a) Defence **[4 Marks]**
- b) Subsidies & grants **[4 Marks]**
- c) General administrative **[4 Marks]**
- d) Financial administration **[4 Marks]**
- e) Social services **[4 Marks]**