



# **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:**

**TIME:**

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#### **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:
- Revenue and capital expenditure of a government [5 marks]
  - 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]
  - i. Financial administration [4 marks]
  - ii. Social services [4 marks]