



MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

**SECOND SEMESTER EXAMINATION FOR DEGREE IN BACHELOR OF
EDUCATION ARTS**

EAE 313: PUBLIC FINANCE

DATE: 12/8/2016

TIME: 2:00 – 4:00 PM

INSTRUCTIONS:

Answer QUESTIOIN ONE AND ANY OTHER TWO QUESTIONS

QUESTION ONE

- a) Discuss the scope and key features of Public Finance Management. (8 marks)
- b) Distinguish between the following terms as used in Financial Management of Public sector:
 - i) Public Expenditure and Public Revenue (2 marks)
 - ii) Debt equity conversion and Debt rescheduling (2 marks)
 - iii) Government Consumption and Government Transfer Payments (2 marks)
- d) Explain the FOUR canons of public expenditure. (8 marks)
- e) Discuss any FOUR sources of central and local government finances. (8 marks)

QUESTION TWO

- a) Discuss the three types of controls over Government Expenditure (6 marks)
- b) What are the elements of revenue control system in a public sector? (7 marks)

- c) Discuss Fund Accounting showing the different types of fund in the public sector.

(6 marks)

QUESTION THREE

- a) Discuss any FIVE effects of public expenditure in an economy giving relevant examples. (10 marks)
- b) Most developing countries have had an increase in the budget allocation for various sectors/ministries. Discuss any FIVE factors that could have contributed to these giving relevant examples. (10 marks)

QUESTION FOUR

Many developing economies like Kenya are currently faced with ever increasing internal and external debts. Clearly describe FIVE possible causes of this indebtedness citing relevant examples within the Kenyan context and suggest FIVE possible measures that can be taken by both debtors and creditors in reducing the debt burden. (20 marks)

QUESTION FIVE

- a) Explain the different stages involved in the budget making process in Kenya. (10 marks)
- b) Discuss the roles of different actors involved in budget process. (10 marks)