



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

P.O. Box 972-60200 – Meru-Kenya.
Tel: +254(0) 799 529 958, +254(0) 799 529 959, +254 (0)712 524 293
Website: www.must.ac.ke Email: info@mucst.ac.ke

UNIVERSITY EXAMINATIONS 2023/2024

THIRD YEAR SECOND SEMESTER EXAMINATION FOR DEGREE OF BACHELOR
OF COMMERCE

BFC 3380: FINANCIAL MANAGEMENT IN PUBLIC SECTOR

DATE: APRIL 2024

TIME: 2 HOURS

INSTRUCTIONS: Answer Question ONE and any other TWO questions.

QUESTION ONE (30 MARKS)

- a) Discuss the scope and importance of public finance management (4marks)
- b) Explain the following terms as used in public finance management (12marks)
 - i. Public expenditure management
 - ii. Public participation
 - iii. Performance management
 - iv. Accountability
 - v. Legislative process
 - vi. County calendar
- c) Public finance management systems are based on principles. Explain principles of public sector recounts (6marks)
- d) Discuss reasons (purpose) of taxation (4marks)
- e) Discuss considerations in evaluating cost of capital in financial management in public sector (4marks)

QUESTION TWO(20MARKS)

- a) Compare and contrast between public finance and private finance (10marks)
- b) Explain the free rider problem as used in public finance and give an appropriate example (5marks)

c) explain five principles (canons) of taxation (5marks)

QUESTION THREE(20MARKS)

With reference to Kenyan constitution chapter 12 public finance. Discuss the following provisions

- i. Equitable share of national revenue (3marks)
- ii. What criteria is provided to be taken into account in determining the equitable share of finances resources in all national legislation concerning county government (6marks)
- iii. Equalization fund (4marks)
- iv. Power to impose taxes and charges (4marks)
- v. Borrowing by national government (3marks)

QUESTION FOUR(20MARKS)

- a) Discuss the principles of maximum social advantage as proposed by high delta (10marks)
- b) Explain functional finance as proposed by Abba p Lerner (10marks)

QUESTION FIVE (20MARKS)

- a) Explain the concept of Redistribution taxation and An-inflationary taxation (10marks)
- b) Describe the classification of public debts (10marks)

