



## MERU UNIVERSITY COLLEGE OF SCIENCE & TECHNOLOGY

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### University Examinations 2011/2012

THIRD YEAR, SECOND SEMESTER EXAMINATIONS FOR THE DEGREE OF  
BACHELOR OF COMMERCE

#### HBC2224: FINANCE MANAGEMENT IN PUBLIC SECTOR

**DATE: APRIL 2012**

**TIME: 2 HOURS**

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**INSTRUCTIONS:** Answer question *one* and any other *two* questions

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#### QUESTION ONE (30 MARKS)

- a. Briefly explain the role of revenue allocation committee as per the Kenyan new constitution. (6 Marks)
- b. Explain the role of parliament in public financial management (3 Marks)
- c. Discuss the main activities of public financial management (6 Marks)
- d. Differentiate between short term debts and long term debts (5 Marks)
- e. Budgetary helps the organization to achieve its objectives. Explain the objectives of budgetary planning. (10 Marks)

#### QUESTION TWO (20 MARKS)

- a. Explain the benefits of capital budgeting in public sector (10 Marks)
- b. Discuss the basic steps in capital improvement program (10 Marks)

#### QUESTION THREE (20 MARKS)

- a. Discuss the principles of expenditure in public finance (8 Marks)
- b. Discuss the following account kept by the government
  - i. Consolidated bank (2 Marks)
  - ii. Contingency fund (2 Marks)
  - iii. Public accounts committee (2 Marks)
  - iv. Equalization funds (2 Marks)
- c. Describe an executive budget (4 Marks)

#### **QUESTION FOUR (20 MARKS)**

The government of Kenya, Ethiopia and Sudan has laid down foundation stone for Lamu port which is expected to cost sh.1.5 trillion:

- i. Discuss the externalities that will come with this project (10 Marks)
- ii. Advice how best to finance the project (5 Marks)
- iii. How will private sector partner with the government in the project? (5 Marks)

#### **QUESTION FIVE (20 MARKS)**

Discuss the problems caused by performance program budget (10 Marks)

- a. Explain zero (0) based budget processing? (5 Marks)
- b. What is meant by fiscal policy? (5 Marks)