



“Investing in Africa’s future”

COLLEGE OF BUSINESS, PEACE, LEADERSHIP, AND GOVERNANCE

NMAC 206: PUBLIC FINANCE

END OF SECOND SEMESTER EXAMINATIONS

APRIL 2023

LECTURER: MR. MARTIN DZAPASI

DURATION: 3 HOURS

INSTRUCTIONS

1. This paper contains **TWO (2)** Sections with **FIVE (5)** questions.
 2. **Section A** is compulsory
 3. Answer any **TWO (2)** questions from **Section B**.
 4. Start each question on a new page.
 5. All answer scripts should be left with the invigilator at the end of the examination.
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Section A

Question 1. (Compulsory)

You have just been posted to the office of the accountant general expenditure unit. The unit is responsible for consolidation of government accounts. You have been asked to analyze the information given below in a trial balance of the consolidated revenue fund.

Description	Dr (US\$ million)	Cr (US\$ million)
Salaries	19000	
Admin cost	4350	
Conference and seminars	2260	
Foreign travel	1750	
Social benefits	2040	
Domestic debt interest	2450	
External debt interest	2730	
Purchase of vehicle	1250	
Purchase of equipment	1410	
Construction of infrastructure	1560	
Cash and bank	3450	
Other expenses	1910	
Payee		8330
Corporation tax		6010
Vat		3320
Fines		1150
Fines		1310
Fuel levy		1700
Grants		3400
Treasury bills		12120
Bonds		14460
Euro bonds		8460
Bilateral and multi lateral debt		28660
Accumulated fund	44760	
Total	88920	88920

Additional information:

1. VAT of US\$50m was due to Government but was not received by Government as at 31 December, 2017
2. A grant agreement signed in 2021 by the Government of Zimbabwe and the Chinese Embassy for the purchase of various medical supplies for Parirenyatwa Group of Hospitals was received and paid for in December 2022,

Using the information on the trial balance, prepare a statement of financial performance for the consolidated fund for the year ended 31 December 2022 (20)

- b) You have been asked to make a presentation to the members of the Budget committee on how the government of Zimbabwe prepares its budget (20)

SECTION B.

Question 2

With particular reference to a local government of your choice, discuss its five (5) sources of finance. **(20)**

Question 3

‘Debt management is an important aspect of public finance management. It enables the government to meet its financing needs at minimum costs and within acceptable levels of risk. One of the diagnostic tools that the government uses in managing its debt portfolio is to annually conduct a Debt Sustainability Analysis (DSA).’

Required:

(b) Discuss the objectives of Debt Sustainability in light of third world countries. **(15)**

(c) Explain the actions which can be taken to reduce accumulation of debt. **(5)**

Question 4

‘Due to the scarcity of resources in the face of unlimited demands, the need for economic utilisation of resources by the management of public organisations becomes imperative. For this reason, certain guidelines, in the form of basic truths or principles have been involved to assist in the effective and efficient management of public expenditure.’

Required

Articulate the guiding principles required for the efficient and effective utilisation of government resources. **(20)**

Question 5

‘Taxes are classified as direct or indirect based on the method of payment or in terms of their incidence i.e. how their burden is shared’.

Examine

a) Four (4) types of direct tax **(10)**

b) Three (3) types of indirect tax **(10)**

END OF EXAMINATION