



UNIVERSITY

COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

NMAC 206: PRINCIPLES OF PUBLIC FINANCE

END OF SEMESTER EXAMINATION

NOVEMBER 2023

LECTURER: DR P KORERA

DURATION: 3 HOURS

### INSTRUCTIONS

You are required to answer questions as instructed

Answer **ANY FOUR** questions

Start **each** question on a new page in your answer booklet

Credit will be awarded for logical, systematic and neat presentations

**QUESTION 1 (25 Marks)**

Discuss the role of the government in market failure? [25]

**QUESTION 2 (25 Marks)**

Description	DEBIT	CREDIT
	USD billion	USD billion
Salaries	10.00	
Administration costs	4.35	
Conference and seminars	2.26	
Foreign travel	2.75	
Social benefits	2.04	
Domestic debt interest	2.45	
External debt interest	2.73	
Purchase of vehicles	1.25	
Purchase of equipment	1.41	
Construction of infrastructure	1.56	
Cash and bank	3.45	
Other expenses	1.91	
PAYE		8.33
Corporate tax		6.01
VAT		3.32
Fines		2.46
Fuel levy		1.70
Grants		3.40
Treasury bills		12.12
Bonds		14.46
Euro bonds		8.46
Bilateral and multilateral debt		20.66
Accumulated fund	44.76	
Total	<b>80.92</b>	<b>80.92</b>

**Required:**

Prepare a statement of financial performance for the consolidated fund for the year ended 31 October 2023. [25]

**QUESTION 3 (25 Marks)**

Examine the importance of the principle of maximum social advantage in public expenditure policies. [25]

**QUESTION 4 (25 Marks)**

There are several types of budgets that a government can adopt for its economy. Discuss any three (3) types of these budgets. [25]

**QUESTION 5 (25 Marks)**

Explain any six motives of governments in levying taxes. [25]

**END OF EXAMINATION PAPER**