KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2017/2018

FIRST SEMESTER EXAMINATION FOR THE DEGREE OF

MASTER OF PUBLIC POLICY AND ADMINISTRATION

APP 806: PUBLIC FINANCE AND ACCOUNTING

DATE: MONDAY 29TH JANUARY 2018 TIME: 5.30 P.M - 8.30 P.M.

INSTRUCTIONS:
Answer question **ONE** and any other **TWO** questions

QUESTION ONE (COMPULSORY)

a) Kenya has one of the best tax systems in sub-Saharan Africa. Drawing from theory of taxation, discuss the effectiveness of the Kenyan tax system. (8 Marks)

b) Conservative politicians in the west have been advocating for shrinking in the size of government. At the heart of such debates is the relevance of the public sector vis a vis the market. Discuss the rationale of the public sector (10 Marks)

c) The following are extracts from the trial balance for revenue head No. 180 – 240. Marine revenue collection for the year ended 30th June 2016:

Code	Details	Dr (£)	Cr (£)
630	Renting building and equipment		807,456
631	Rent from land		3,796,205
651	Cargo landing fee		3,542,221
652	Marine passenger tax		3,991,029
670	Other marine receipts		798,144
	Payment of revenue to exchequer	13,288,687	

The following additional details are made available:

i) Balance on hand at 30th June 2015 was £ 2,568,242.

ii) Estimated receipts for the year:

CODE	AMOUNT
630	£1,000,000
631	£2,500,000
651	£3,000,000
652	£3,600,000
670	£1,100,000

Required:

i) A statement of revenue for the year ended 30th June 2016 (8 Marks

ii) Give appropriate footnotes for material differences between estimates and the actual receipts. (4 Marks)

INVOLVEMENT IN ANY EXAMINATION IRREGULARITY SHALL LEAD TO DISCONTINUATION

QUESTION TWO

Many governments in third world countries are cash strapped and as such they face a temptation to borrow. Discuss the arguments in favour of and against public borrowing.

(15 Marks)

QUESTION THREE

Over the last few years there have been efforts to boost public sector audit in Kenya. Discuss the challenges of public sector audit in Kenya's newly devolved system of government and propose ways of enhancing the same in third world countries. (15 Marks)

QUESTION FOUR

a) What are the principle functions of the Central Bank? How does the Central Bank protect other banks from failures? (10 Marks)

b) Highlight the factors that renders the application of the monetary policy in developing economies ineffective? (5 Marks)

QUESTION FIVE

a) Compare and contrast the role of Parliamentary Budget office to that of Intergovernmental Budget and Economic Council (8 Marks)

b) Discuss the role of Commission of Revenue Allocation and the criteria for sharing of revenue between National and County government (7 Marks)