

Course Code: BFN852

Credit Unit: 3.

Course Title: PUBLIC FINANCIAL MANAGEMENT

Time Allowed: 2 ½ HOURS

Instructions:

- 1. Attempt Question 1 and any other three (3) Questions.**
- 2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**
- 3. Present all your points in a coherent and orderly manner.**

Question ONE:

- a. Finance is a function in business (private/public) that acquires funds for the organisation and manages those funds within the organisation, how do you describe public finance?
State the four conceptual functions of Government. (25 marks)

Question TWO

- a. List the certain categories of goods and services exempted by (VAT) as an indirect tax.
- b. Sources of government revenue is classified into Federal government independent revenue, State government generated revenue and Local government sources of internally generated revenue, state three sources of revenue for each the tiers of government. (15 marks)

Question THREE

- a. Fiscal policy is one of the mechanisms for government intervention in the economy, explain the meaning of fiscal policy stating the role instruments of fiscal policy play in the economy.
- c. Governments try to control the money supply through monetary policy because most governments believe that its rate of growth influences the rate of inflation., in view of this, state the objectives of the policy and mention the three monetary policy decisions taken by the financial system in Nigeria. (15 marks)

Question FOUR

- a. Government's budget is carried out within an established legal framework for management of public finances as enshrined in the constitution, Give the definition of a budget according to Chartered Institute of Management Accountants and describe the four dimensions of a public budget.
- d. Budget is presented as a major financial management tool which include action plan, monetary and review, state the characteristics of performance budget. (15 marks)

Question FIVE

- a. Tax evasion and Tax avoidance are terms normally used in taxation, explain the nature of the two.