



**REFORMED CHURCH UNIVERSITY**

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**FACULTY OF COMMERCE**

**BACHELOR OF COMMERCE HONOURS IN ACCOUNTING**

**PUBLIC SECTOR FINANCE**

**HACC 215**

**PART 2 SEMESTER 1 EXAMINATION**

**TOTAL MARKS [100]**

DATE: JUNE 2024

Time: 3 Hours

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**INSTRUCTIONS**

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

1. With the aid of suitable examples, explain the budgetary process in the public sector. (25)

2. Explain any 5 sources of finance for the public sector (25)

3. Examine the role played by the following in managing public sector finance:

- a) The Parliament (5)
- b) Executive Council (5)
- c) The Cabinet (5)
- d) The Portfolio Committees (5)
- e) The Treasury (5)

4. a) Discuss the appointment and functions of the following principals:

- i) Commissioner General (ZIMRA) (8)
- ii) Accounting Officer (7)

b) Examine the types and functions of institutions and offices created by parliament of Zimbabwe to assist in the administration of public finance. (10)

5. A firm is weighting 2 options of financing a project which are as follows:

**Option one:**

It can finance the project using a four year fully amortized bank loan of \$50 000 at an interest rate of 16% per annum. The current SIA rates will apply if the asset is purchased. SIA (Special Initial Allowance) for year 1 is 50% and for year 2 and 3 is 25%

**Option two:**

The firm has also been offered a four year capital lease by a financial house which requires \$15000 to be paid as annual lease payments. Given that the tax rate in Zimbabwe is 35% and then the firm has adequate taxable income to avail of SIA.

**Additional information:**

PVIFA (16%:4 years) = 2.7982

Year	PVIFA (10%)
0	1
1	0,9091
2	0,8265
3	0,7513
4	0,6830

**Required:**

What is the better option for the firm to use to finance the project? (25)

6. Examine the functions of the following:

- a) Fiscal Policy in Zimbabwe (10)
- b) Monetary Policy in Zimbabwe (8)
- c) Income and Taxation Policies in Zimbabwe (7)

**END OF PAPER**