

**CRAWFORD UNIVERSITY,  
IGBESA, OGUN STATE.**

**SEMESTER; RAIN**

**SESSION: 2014/2015**

**COURSE CODE: ACC412**

**COURSE: PUBLIC FINANCE**

**TIME ALLOWED: 3HOURS**

**SECTION A: COMPULSORY**

**(25MARKS)**

**QUESTION 1**

Write notes on the following:

- |       |                                    |        |
|-------|------------------------------------|--------|
| (i)   | Paris club.                        | 6marks |
| (ii)  | Debt conversion programme.         | 6marks |
| (iii) | Instruments of domestic borrowing. | 6marks |
| (iv)  | Marketable / Non-marketable loan.  | 2marks |
| (v)   | Public debt.                       | 5marks |

**SECTION B: ATTEMPT TWO QUESTIONS FROM THIS SECTION (25 MARKS)**

**QUESTION 2**

Nigeria has contracted a number of debts obligations from both domestic and external sources.

- (a) What comparisons can you make between domestic and external public debts? 5marks.  
(b) Formulate a debt restructuring method as a strategy for debts management in Nigeria.

7 ½ marks.

Total 12 ½ marks

**QUESTION 3**

“Borrowing necessarily implies living beyond one’s means and hence it is undesirable in any circumstances for a nation to borrow”. Discuss.

12 ½ marks

**QUESTION 4**

The need for government intervention in the economy is justified on the basis of market failure and public goods provision.

Required:

- (i) Explain the concept of market failure and public goods 5marks.

- (ii) What conclusions can you draw from the foregoing statement in the context of transition economies like Nigeria? 7 ½ marks

Total 12 ½ marks.

**SECTION C: ATTEMPT TWO QUESTIONS FROM THIS SECTION (20MARKS)**

**QUESTION 5**

Highlight the relevant theories of public finance.

Total 10marks

**QUESTION 6**

- (a) Explain the concept of “soft” and moratorium as they relate to foreign loan. 3marks  
(b) Identify two instruments of short term and two of long term internal source. 4marks.  
(c) Mention economic objectives fiscal policy can be used to achieve. 3marks.

Total 10marks

**QUESTION 7**

- (a) Obinna Joshua Azubuike has N400,000 which he decides to invest if he can secure an assurance that the investment will earn at least 10% p.a. He is considering the following three projects:

Project X: will earn N436,000 at the end of 1<sup>st</sup> year.

Project Y: will earn N500,000 at the end of the 2<sup>nd</sup> year and

Project Z: will earn N280,000 at the end of 1<sup>st</sup> year and another N200,000 at the end of 2<sup>nd</sup> year.

If none of the projects is undertaken, Obinna Joshua Azubuike will invest his N400,000

In riskless security that will earn him 10% p.a.

You are required to assess and advise Obinna Joshua Azubuike on which of the projects to embark upon. 4marks

- (b) Identify three main features of “Cost-Benefit Analysis” in public project appraisal. 3marks  
(c) Mention the advantages and disadvantages of “Cost effectiveness analysis” in public project appraisal. 3marks

Total 10marks.