

DO NOT REMOVE THE QUESTION PAPER FROM THE EXAMINATION HALL

## UNIVERSITY OF LONDON

CENTRE FOR FINANCIAL AND MANAGEMENT STUDIES

*MSc Examination*

*Postgraduate Diploma Examination*

*Postgraduate Certificate Examination*

For External Students

**91DFMM401**

PUBLIC FINANCIAL MANAGEMENT  
PUBLIC POLICY AND MANAGEMENT

### **Public Financial Management: Planning and Performance**

#### *Specimen Examination*

---

*This is a specimen examination paper designed to show you the type of examination you will have at the end of this module. The number of questions and the structure of the examination will be the same but the wording and the requirements of each question will be different. Best wishes for success on your final examination.*

The examination must be completed in **THREE** hours.

You must answer **THREE** questions. At least one question from each Section.

The examiners give equal weight to each question; therefore, you are advised to distribute your time approximately equally between three questions.

The examiners wish to see evidence of your ability to use technical models and of your ability to critically discuss their mechanisms and application.

**PLEASE TURN OVER**

Answer **THREE** questions, at least one question from each section, and answer **ALL** parts of multi-part questions.

## **Section A**

(Answer at least **ONE** question from this section)

1. Answer both parts of the question.
  - a) Why do some governments have bigger deficits than others?
  - b) When does a deficit become unsustainable?
2. When would a public entity best use a line-item budget and when would a programme budget be best?
3. Answer all parts of the question.
  - a) Write short notes on:
    - i) marginal cost and average cost
    - ii) fixed and variable cost
    - iii) absorption costing
    - iv) price-based cost.
  - b) When would it be appropriate to use each of these when calculating a cost?
4. Answer both parts of the question.
  - a) Under what circumstances should public bodies use cash accounting?
  - b) When should they use accruals?

## **Section B**

*(Answer at least **ONE** question from this section)*

5. How does the choice of management system affect the choice of costing system? What are the main causes of budget overspends and underspends?
6. What are the advantages and limitations of using the budget process to manage performance of public bodies?
7. How can budget systems be designed to help politicians make choices about priorities and exercise control over public entities?
8. Do changes in management methods in the public sector necessarily require changes in the accounting methods used?

**[END OF EXAMINATION]**