higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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JUNE EXAMINATION

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

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This question paper consists of 8 pages.

BUSINESS GUIDE

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
PUBLIC FINANCE N5
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Read ALL the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1– 1.1.10) in the ANSWER BOOK.

1.1.1 A gradual increase in unemployment results in ...

A an increase in the tax base.
B a decrease in the tax base.
C an increase in the price per unit.
D an increase in the price of petrol.

1.1.2 A further contribution is added to fuel levies ...

A when recharging a cellphone.
B everytime a resident pays for electricity.
C everytime a motorist fills up petrol/diesel at a garage.
D when a payment is made at a toll-gate.

1.1.3 Price control/regulation is an example of ...

A privatisation.
B socialism.
C nationalisation.
D None of the above.

1.1.4 All revenue received by the state with the exception of money reasonably excluded by legislation is deposited into the ...

A National Revenue Fund.
B Local Government Revenue Fund.
C Independent Provincial Revenue Fund.
D Departmental Revenue Fund.

1.1.5 The study of public management places focus on ...

A the objectives of government.
B the functions that must be performed to reach these objectives.
C the structured framework of public services and the sources of income, administration and control.
D All of the above.

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1.1.6 The primary objective of grants from national to provincial and local authorities is to ensure ...

A that each governing authority has enough funds.
B that each governing authority can supply a minimum of basic public services
C A and B above.
D That a further tax is imposed on that specific community to render basic services.

1.1.7 This level of governing authority should be authorised to provide public services.

A The governing authority closest to the community.

B The governing authority responsible for generating revenue through taxes.

C The governing authority that can most effectively and efficiently provide such a service.

D All of the above mentioned.

1.1.8 A municipality may impose the following taxes:

A Surcharges on fees for services provided by or on behalf of the municipality.

B Customs duty.

C Rates on property.

D A and C.

1.1.9 Full details of a department's financial activities are compiled in an appropriation report. This will be submitted to parliament by the ...

A public protector.
B departmental financial officer.
C state president.
D auditor general.

1.1.10 Community services, such as preventative health services, the moment they are financed from tax, become ...

A indirectly apportioned and exclusive.
B particular services.
C collective services.
D A and B.

(10 x 2) **[20]**

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QUESTION 2

Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–K) next to the question number (2.1–2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1	Wealth redistribution	A	the government department responsible for administration of state finances
2.2	Fixed conditional grants	B	an example of a situation when a government provides assistance to develop entrepreneurs and the results are reduced unemployment and increased economic growth
2.3	Public income	C	the body has powers to formulate by-laws in the city or town council related to public finance administration
2.4	Positive spill-over effects	D	an annual work programme with details of income and expenditure expressed in monetary terms
2.5	Insatiable needs	E	detailed annual report on a department's financial activities
2.6	Auditor General	F	taxation is imposed on the wealthy and shared among the poor
2.7	Treasury	G	government funds are used to provide for collective services all over the country.
2.8	Local legislature	H	the person empowered to audit the financial statements of all accounting officers at national, provincial and local levels
2.9	Appropriation report	I	a situation where government spends on, for example schools, poverty relief, housing and roads, but the communities still need more
2.10	Budget	J	total revenue of all government institutions from all types of taxes and sources
		K	the instrument used to announce the annual budget proposal

(10 x 2) **[20]**

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QUESTION 3

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (3.1.1–3.1.10) in the ANSWER BOOK.

3.1.1 The main source of income for provincial authorities is the National Revenue Fund.

3.1.2 Services like the army and policing are provided by a sole supplier, the state. Such a supplier who has no competition is a monopoly.

3.1.3 The Minister of Finance has sole authority to transfer or withdraw funds from the Stabilisation Fund.

3.1.4 Local authorities usually suffer from financial inequalities.

3.1.5 It is the task of the cabinet to ensure that legislation and approved budgets by parliament are executed properly.

3.1.6 Mismanagement of public funds and resources is always unethical but not always criminal.

3.1.7 The mismanagement of public funds results in a waste of money that comes out of the pockets of the voters.

3.1.8 The term *Director General* is also used when referring to the Accounting Officer.

3.1.9 The capacity to generate income for any governing authority depends on the economic prosperity of the community.

3.1.10 Provincial authorities may impose income tax, VAT and customs duty.

(10 x 2) **[20]**

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QUESTION 4

4.1 Write down the meaning of the following descriptions. Write only the word/term next to the question number (4.1.1–4.1.5) in the ANSWER BOOK.

4.1.1 RDP

4.1.2 Quid pro quo

4.1.3 Treasury

4.1.4 Customs duties

4.1.5 VAT

(5 x 2) **[10]**

QUESTION 5

5.1 Name FIVE examples of order and protection, provided by the state. (5 x 2) (10)

5.2 The nature of public services is divided into THREE types.

Name, explain and provide ONE example for each. (20)
[30]

TOTAL SECTION A: 100

SECTION B

QUESTION 6

6.1 Differentiate a grant from a loan. (2 x 2) (4)

6.2 What are the FOUR factors the legislative authority needs to consider before delegation and allocation can take place? (4 x 2) (8)

6.3 What physical work does the departmental financial officer do which the Accounting Officer does not do? (2 x 1) (2)

6.4 Name and briefly explain the FOUR methods of privatisation. (4 x 2) (8)

6.5 Briefly indicate the functions of the Treasury in the execution of its duties. (7 x 2) (14)

6.6 Name SEVEN functions of the Reserve Bank. (7 x 2) (14)
[50]

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QUESTION 7

7.1 The South African Revenue Services (SARS) continuously sends messages through the media, complimenting the taxpayers for dutifully completing their tax returns.

7.1.1.	Name FIVE sources of income to the local authorities.	(5 x 2)	(10)
7.1.2	Briefly discuss the conditions before funds can be withdrawn from the National Revenue Fund.	(5 x 2)	(10)
7.1.3	Briefly discuss the TEN democratic principles for public management.	(10 x 3)	(30)
			[50]

TOTAL SECTION B: 100

GRAND TOTAL: 200

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