higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

PUBLIC FINANCE N5

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This question paper consists of 7 pages.

GENERAL STUDIES

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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 correctly according to the numbering system used in this question paper.
4. Write neatly and legibly.

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QUESTION 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 – 1.15) in the ANSWER BOOK.

1.1 Government creates a climate for free competition amongst citizens within the national community through … .

A protection of private lives
B maintenance of private property
C enforcement of contract by law courts
D the defence of the national community

1.2 The function of the executive authority at central government level according to Cloete (1981:1:131) is:

A Communicate with the executive authority
B Communicate with the treasury for funding
C Control over the activity of the administrative authority.
D An instrument of control

1.3 National legislation must establish a national treasury and prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing … .

A uniform expenditure classifications
B recognition of the reporting of financial statement(s)
C enforcement of contract by law courts
D defence of national community

1.4 A province or municipality may raise loans for capital or current expenditure in accordance with reasonable conditions determined by national legislation, but the loans for current expenditure:

A Must be repaid within six months
B Must be repaid within twelve months
C Must be paid monthly
D Must be paid after twelve months

1.5 The legislative authority needs to consider several factors before delegation and allocation can take place which is:

A The division of sources of income
B Per capita income of a community
C The revenue potential of an ideal tax system
D Representative revenue system

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1.6 Vertical revenue sharing means the sharing of revenue between the various government levels within the state such as:

A Various government authorities on the same level
B Externalities that play an important role
C Central, provincial, regional and local
D Tax may be imposed at one level and spent on the same level

1.7 A modern democracy might lean either towards a laissez-faire or towards a more socialist approach but in general it attempts to:

A Recognise the individual as a servant of the state
B Guarantee individual competition for entrepreneurs
C It provides only basic needs such as free education, health etc.
D Create a system which protects the rights off all

1.8 Budgetary control is exercised to achieve the following objectives:

A To ensure that goals of estimated income are realised
B To ensure that expenditure takes place in accordance with estimated income
C To ensure the provision of quality services so that taxpayers receive value for money
D All the above- mentioned

1.9 The type of service that can be financed from taxation and by government bodies such as a local town councillor or a central government

A Quasi – public services
B Particular service
C Collective services
D Exhaustible

1.10 The service is easily apportioned or broken up into parts and these parts can be charged to the public.

A Quasi – public services
B Particular service
C Collective services
D Exhaustible

1.11 Which of the following is the reason for privatisation?

A Taking the industry away from the government
B Allowing private individuals to supply services
C Taking away legal / monetary obstacles
D To promote the efficient/ effective utilisation of resources

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1.12 Which one of the following is not the responsibility of the accounting officer:

A Financial Accounting
B To increase the tax base
C Safekeeping
D Expenditure of public money

1.13 Which one of the following is not the duty or responsibility of the legislature:

A Approval of the local budget
B Imposition of tax
C Have mandate to act on behalf of the voters
D Calculation of consumer tariffs

1.14 The examination of the financial records to check for the correct recording of all transactions:

A Appropriation audits
B Accounting audits
C Performance audits
D All the above-mentioned

1.15 The audit records whether funds are being spent within a particular financial year and according to the legislature's wishes:

A Appropriation audits
B Accounting audits
C Performance audits
D All the above-mentioned

(15 × 2) **[30]**

QUESTION 2

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (2.1 – 2.10) in the ANSWER BOOK.

2.1 Monopoly means the more individuals or enterprises who are suppliers of particular products or services.

2.2 Accounting is the mechanism through which representatives can be accountable to the public at the beginning of the financial year. A report on the financial effects of each department's activities is compiled.

2.3 The decision making process for public finance in a democracy must comply with democratic values and principles.

2.4 The parliament has to decide how to allocate the taxpayers money to provide services for the people.

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2.5 A government has no power whatsoever in a democracy unless it is given by the voters.

2.6 The auditor-general is empowered by legislation to audit the financial statements of all accounting officers at national, provincial and local levels.

2.7 The public protector is appointed by the state president, but report directly to the legislature.

2.8 Budget is a work programme for one financial year and it is essential that the local legislature receive a regular supply of progress reports.

2.9 Tender board is the board which must be fair and is required to give reasons for the decisions to interested parties if required.

2.10 Revenue sharing means that a specific government body has the authority to tax a community and collect revenue, then to distribute this revenue, according to a formula, amongst various levels of government either horizontally or parallel.

(10 × 2) **[20]**

QUESTION 3

3.1 Name and briefly discuss the functions of the Treasury with regard to state finances. (20)

3.2 State five responsibilities of the town council in their duty to legislate. (10)

3.3 State five guidelines when funds are allocated to various departments. (10)

3.4 Name five aims of the budget speech by the minister of finance. (10)
[50]

QUESTION 4

4.1 Name five factors that commonly describe a budget.

4.2 State five reasons for privatisation.

4.3 Name five control measures of public finance performed by local authorities.

4.4 Name five economic functions of government.

4.5 Give five types of maladministration.

(5 × 10) **[50]**

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QUESTION 5

5.1 Name seven roles of the reserve bank. (14)

5.2 List seven factors which influence the needs and demands of a community. (14)

5.3 What is 'particular service'? (2)

5.4 Name the characteristics of particular service. (10)

5.5 Explain the characteristics of a particular service you have named in 5.4. (10)
[50]

TOTAL: 200

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