



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

PUBLIC FINANCE N6

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This marking guideline consists of 6 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	C	
	1.1.2	A	
	1.1.3	A	
	1.1.4	B	
	1.1.5	B	
	1.1.6	A	
	1.1.7	D	
	1.1.8	D	
	1.1.9	D	
	1.1.10	A	
			(10 x 2) (20)

1.2	1.2.1	True	
	1.2.2	True	
	1.2.3	True	
	1.2.4	True	
	1.2.5	False	
	1.2.6	False	
	1.2.7	False	
	1.2.8	Fasle	
	1.2.9	True	
	1.2.10	True	
			(10 x 2) (20)
			[40]

QUESTION 2

2.1 Ex post facto control

This exercised after the act has taken place and typical examples of this are financial and effectivity audits. Ex post facto control consists of the control of results as against predetermined objectives and aims, also the evaluation of the results for efficiency and effectiveness and accountability for such results to higher authority. (10)

2.2
- To announce publicly the plans of the various departments.
- To give a broad outline of the social needs.
- Give indication of the financial state of the government.
- To announce new policies, goals and explain increases in expenditure.
- To announce the tax proposals, change in income, consumer tariffs. (5 x 2) (10)

2.3
- Income tax
- Property tax
- Consumption tax
- User charges, consumer tariffs (4 x 2) (8)

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2.4 (a) To identify
Overall policy and direction of the government of the day.

(b) To divide
This policy into projects and these projects into specific activities

(c) To schedule
The activities of each department and ministry in detailed sequence (12)

2.5 Accountability

- It is vital that parliament has supreme authority over both the executive and administrative sides of government.
- This means these two lesser bodies must remain fully accountable to the elected representative in the legislature.
- The budget is an excellent instrument for demanding and encouraging accountability.
- The budget may also be used as a reference when mismanagement is suspected or being investigated.
- A budget is a reference when may be used in demanding and executing accountability from all levels of government and from all officials within those departments. (10)

Control

- Control measure, expenditure must take place according to the wishes of parliament and therefore the people.
- Various powers and authority is invested in the auditor general, accounting officer and the public account committee
- The examination of financial records by various authorities to make sure all revenue and expenditure has been properly and dutifully recorded and accounted for.
- A priori control is a control measure which is framed before the any expenditure take place.
- Both control measures exist in order to make sure that expenditure has taken place accordance with the wishes and directives of the legislature. (10)
[60]

TOTAL SECTION A: 100

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QUESTION 3

3.1 Taxable income is defined by legislation, as gross income, reduced by statutory exemptions, and allowed deductions, to determine a taxable net income. (10)

3.2
- Consumption tax- VAT, excise, import
- Income taxation- personal, corporate, payroll, turnover
- Wealth taxation- property, capital gains, capital transfer, donations, transfer duty (15)

3.3 Tax subjects are those persons or legal entities, who are the owners or possessors of the objects subjected to taxation, such as wealth, or money spend, such as subject is known as a taxpayer (10)

3.4
- Accounting audits- control correct recording of finances, accuracy of statements and safeguarding of records.
- Appropriation audits- Utilisation of budget allocation in accordance to purpose for which it is allocated.
- Performance audits-efficiency, effectiveness and economic performances of duties –value for money (15)

[50]

QUESTION 4

4.1 Pravin Gordhan (2)

4.2 Government budgeting
A budget is the policy document by which the elected representative by legislation, indicate to what extent they will execute the mandate of the voters, with limited funds to their disposal. (10)

4.3
- Preparation
- Approval
- Execution
- Control (8)

4.4
- Personnel-people and salaries
- Administrative- the most of implementing the goals through administration and good governance
- Stores and equipment
- Land and equipment
- Professional and special services (5 x 2) (10)

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4.5
- Hunting and fishing licenses
- Hospitalisation fees
- Professional Services
- Motor vehicle licenses
- Casino licenses (10)

4.6 (a) Financial responsibility
The institution needing the finance should clearly be identified

(b) Purpose of expenditure
Every projects or task will start with an objective

(c) Expenditure items
Once the specific objective is detailed, specific goods and services should be mentioned in order to realise the objective

(d) Source of financing
The source of funding itself will be the budget vote, a fund or account (10)
[50]

QUESTION 5

5.1 5.1.1 (a) Value added tax
(b) Pay as you earn (Income tax) (4)

5.1.2 Income tax is the primary and most substantial source of revenue for governments with which to render goods and services to the community (4)

5.1.3 SARS (2)

5.1.4 Yes
A close corporation is seen as a private company and its members are seen as shareholders for tax purposes. It is taxed in the same way as any other company (4)

5.1.5 a) Income tax – tax calculated after exemptions and deductions from nett income

(b) VAT- tax payable on purchases, such as items, goods, services

(c) Company tax-tax businesses pay on nett profit (6)

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5.2
- Estate duty
- Property tax
- Transfer tax

Or Stamp duty/capital gains/profit (6)

5.3
- It is enforceable
- It reflect the political aspirations of the government of the day
- It also obey and take into consideration sound economic principles
- It attempts to satisfy the tension between purely political considerations on the one hand and economic demands
- It reflects the fiscal policy of the government OR
- It clearly outlines a hierarchy of authority (10)

5.4
- Policy statement- goals and objectives of government are stated
- Redistribution of wealth- wealth moved from one group to another group
- Economic regulation- stabilises the economy and inflation
- Operating programme-basis for operational actions
- Source of information- public document, budget speech
- Co-ordination instrument- alignment of the departmental activities
- Control instrument-prior control, ex post facto, expenditure vs. planned (14)

[50]

TOTAL SECTION B: 100
GRAND TOTAL: 200

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