higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

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	B		
	1.1.2	B		
	1.1.3	B		
	1.1.4	A		
	1.1.5	B		
	1.1.6	D		
	1.1.7	C		
	1.1.8	A		
	1.1.9	D		
	1.1.10	D		
			(10 × 2)	(20)
1.2	1.2.1	False		
	1.2.2	True		
	1.2.3	True		
	1.2.4	False		
	1.2.5	True		
	1.2.6	False		
	1.2.7	False		
	1.2.8	False		
	1.2.9	False		
	1.2.10	True		
			(10 × 2)	(20)
1.3	1.3.1	Antidumping		
	1.3.2	PAYE		
	1.3.3	SARS (South African Revenue Services)		
	1.3.4	interim		
	1.3.5	Tax-base		
	1.3.6	tax/taxation		
	1.3.7	Budgeting/Budget		
	1.3.8	Capital		
	1.3.9	transfer		
	1.3.10	minister of finance		
			(10 × 2)	(20)
1.4	1.4.1	domestic		
	1.4.2	tax base		
	1.4.3	stamp		
	1.4.4	sin		
	1.4.5	progressive		
	1.4.6	income		
	1.4.7	motivation		
	1.4.8	Personal		
	1.4.9	social responsibility		
	1.4.10	VAT		
			(10 × 2)	(20)

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1.5 1.5.1 D
1.5.2 G
1.5.3 H
1.5.4 I
1.5.5 J
1.5.6 C
1.5.7 F
1.5.8 A
1.5.9 B
1.5.10 E

(10 × 2) (20)
[100]

TOTAL SECTION A: 100

SECTION B

QUESTION 2

2.1
- Reflects the country's financial policy
- Source of the government's financial information
- Promotes the redistribution of wealth
- Regulates the country's economy
- Details the different departments' operating programmes
- Coordinates and integrates the different departments' activities
- Controls the government's expenditure (Any 6 × 2) (12)

2.2
- Personnel: includes employees and their salaries
- Administrative: costs of implementing goals through administration and good governance
- Stores and equipment: must be purchased (or sold) to realise the goals of government
- Land and buildings: involves the purchase or sale of such to render services
- Professional and special services: involves requirement of specialists outside the department to complete or advise on tasks done or to be done

(5 × 2) (10)

2.3
- Objective structure
- Activities schedule
- Resource schedule
- Financial schedule (4 × 2) (8)

2.4 2.4.1 Capital budgeting is the planning process used to determine whether the government/organisation's long-term investment projects✓✓ are worth funding of cash through the organisation's capitalisation structure.✓✓ (4)

2.4.2
- Payback period✓ measures the time initial cash flow is returned by the project.✓
- Net present value✓ is the total initial cash outflow less the sum of discounted inflows.✓
- Internal rate of return✓ is the discounted rate at which net present of the project becomes zero.✓ (3 × 2) (6)

2.5 2.5.1 Duty/Tax imposed on personal property such as agreements and contracts, bonds, customs and excise documents

2.5.2 Tax/Money charged for the use of certain products and services

2.5.3 Tax that authorities allow to be deducted generally from the income of individuals or businesses

2.5.4 Certain bodies such as nonprofit-making institutions are exempted from paying tax as long as they do not make any profit

2.5.5 The government of the day might decide to use fiscal policy to stimulate economic growth by granting special exemptions to exporters and industries which take part in training and decentralisation of activities.

(5 × 2) (10)
[50]

QUESTION 3

3.1 **Prior control**✓
- This is a prescribed control or control measures✓ based on prescriptions and framework before any action takes place.✓
- It also prescribes how the act should take place.✓

Ex post facto control✓
- This comes into effect after the act has taken place.✓
- Typical examples of this are financial and affectivity audits.✓
- Ex post facto control consists of the control of results against predetermined objectives and aims.✓
- It also evaluates the results for efficiency and effectiveness.✓
- This leads to accountability towards the higher authorities.✓ (10)

3.2
- It is vital that parliament has supreme authority over both the executive and administrative sides of government.
- This means that these two lesser bodies must remain fully accountable to the elected representatives 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 investigated.
- A budget is a reference which may be used in demanding and executing accountability from all levels of government and officials within departments. (5 × 2) (10)

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3.3
- Preparation: Each department makes its own spending decisions and take them to the decision makers for approval.
- Approval: Authorities debate on the submitted requests from departments and make approvals.
- Execution: Approved budgets are used by departments following all prescripts.
- Control: This is to evaluate how money was effectively spent by doing audits. (4 × 2) (8)

3.4
- Estate duty, e.g. tax levied on the wealth of deceased
- Property tax, e.g. tax levied on the value of the property of an individual or business
- Transfer duty, e.g. tax levied on the ownership transfer of property
- Capital gains/Profit tax, e.g. tax levied on the profit or gains made by the business when conducting its business operations. (4 × 2) (8)

3.5 Portion of the taxable amount/the tariff of taxation payable depending on the level of income of an individual or business (2)

3.6 The subjects of taxation are the people or legal entities responsible for paying the required tax. The objects of taxation are the possessions by the subjects, e.g. income, wealth (property) and spending power (as with consumption tax). (3 + 3) (6)

3.7
- Source of income to the government
- Regulates the country's economy
- Source of wealth redistribution

(3 × 2) (6)
[50]

QUESTION 4

4.1
- High priority
- Essential extensions
- Desirable extensions
- Useful extensions
- Dispensable extensions (5 × 2) (10)

4.2
- Taxation: Tax can be levied from those who have higher income wealth.
- Charity: Organisations can be set up by those with high income wealth to help raise money for those in need.
- Public services: The government can provide certain services to people living within its jurisdiction.
- Land reform: The government can pass laws that allow agricultural land to be reallocated to landless people.
- Monetary policy: The Reserve Bank can control the supply of money to stabilise prices through managing inflation and interest. (5 × 2) (10)

4.3
- Financial responsibility: The institution needing the finance should be clearly identified.
- Purpose of expenditure: Every project or task will start with an objective.
- Expenditure items: Once the specific objectives are detailed, specific goods and services should be mentioned to realise the objective.
- Source of financing: The source of funding will be the budget vote for a fund or an account.
- Classification according to programme: Resources are allocated per programme, subprogramme, activity and developments. (5 × 2) (10)

4.4
- Source of revenue
- Discourages consumption of certain harmful products, e.g. tobacco, alcohol, etc.
- Levied on luxuries, e.g. jewellery, cosmetics, etc. for those with a lot of wealth as a form of redistribution of wealth (3 × 2) (6)

4.5 Income tax is the primary and most substantial source of revenue for the government✓✓ to produce goods and render services to the community.✓✓ (4)

4.6
- Funds are made available for specific purposes itemised in the budget documents.
- Excess spending may only be allowed by the minister of the department concerned, but only up to a maximum of a certain percentage of the budget.
- Funds allocated for that year must be spent within that financial year – it may not be carried over to the following year.
- Funds may only be spent after approval by the accounting office of each department.
- Approval of the legislature is needed if the departments consider spending funds on anything other than what they voted for. (5 × 2) (10)

[50]

TOTAL SECTION B: 100
GRAND TOTAL: 200

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