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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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JUNE EXAMINATION

NATIONAL CERTIFICATE

PUBLIC FINANCE N6

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13:00–16:00

This question paper consists of 6 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
PUBLIC FINANCE N6
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. SECTION A is COMPULSORY.
2. Answer only TWO questions in SECTION B.
3. Read ALL the questions carefully.
4. Number the answers according to the numbering system used in this question paper.
5. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.1.1–1.1.15) in the ANSWER BOOK.

1.1.1 A budget is a financial statement containing estimates of income and expenditure.

1.1.2 A taxpayer receives a measurable value for each unit of currency paid over in the form of taxation.

1.1.3 Taxation is of a voluntary, optional nature.

1.1.4 Operating costs are salaries, administration and electricity supply costs.

1.1.5 Provincial governments are not allowed to levy taxes on betting.

1.1.6 Standard-expenditure items are not detailed in the financial schedule of the budget.

1.1.7 The organizational unit is the authority responsible for the particular service.

1.1.8 Revenue includes income taxes, consumer tariffs and loans.

1.1.9 Individuals pay tax on their annual turnover.

1.1.10 A budget can be regarded as a financial plan.

1.1.11 Deductions imply that tax generally applies to nett income.

1.1.12 The minister of finance is the tax collector.

1.1.13 Personnel tax represents the majority of state revenue.

1.1.14 South Africa's budget year runs from 1 April to 31 March each year.

1.1.15 Revenue is the source of funds.

(15 × 2) (30)

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1.2 Choose an item from COLUMN B that matches a description in COLUMN A. Write only the letter (A–J) next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

KOLOM A		KOLOM B
1.2.1	Source of funds	A nominal levies
1.2.2	Control after the event	B tensions
1.2.3	User charger	C bracket creeping
1.2.4	Political aspirations	D incentives
1.2.5	Fiscal year	E ex post facto control
1.2.6	When inflation is higher than 8%	F state revenue
1.2.7	Unemployment insurance	G personal tax
1.2.8	For example amounts charged for water supply	H consumer tariffs
		I budget year
1.2.9	Taxes are responsible for the bulk of revenue for the state	J tax liability
1.2.10	Promotes economic development	

(10 × 2) (20)
[50]

QUESTION 2

The public protector lunches probe into state's R238 million splurge on the project for Zuma's homestead that started out as R6 million.

[Extract from: *City press,* 07 October 2012]

2.1 Who is the public protector? (2)

2.2 Who is the president of the republic of South Africa? (2)

2.3 What measures can the department of finance use to force departments to account? (6)

2.4 Parliament has a duty to sure that there is sufficient control over finances of public institutions.

Discuss the TWO administrative control measures they need to introduce to ensure that there is sufficient control over the executive administrative authority. (2 × 5) (10)

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2.5 The public protector expects each department to promote accountability.

Discuss this statement. (10)

2.6 Define the term *government budgeting.* (10)

2.7 Name the items covered by the resource schedule budget (10)
[50]

TOTAL SECTION A: 100

SECTION B

Answer only TWO questions from this section.

QUESTION 3

3.1 Explain the characteristics of a budget. (12)

3.2 Budget information is essential in supplying information to the legislature.

Name and discuss the FOUR factors in the classification of government budgets. (10)

3.3 List the sources of state revenue. (8)

3.4 Name tax levies applicable to local governments. (10)

3.5 What do the following abbreviations stand for?

3.5.1 SARS

3.5.2 VAT

3.5.3 PAYE

3.5.4 UIF

3.5.5 GDP

(5 × 2) (10)
[50]

AND/OR

QUESTION 4

4.1 The principles of good governance which apply to the executive and administrative bodies also apply to local government.

State the difference between the budgets of the national legislature and that of the local governments. (You can either show the differences in table form or under headings.) (10)

4.2 Name and briefly discuss THREE different types of taxation. Illustrate the answer with applicable examples. (10)

4.3 Outline the steps involved in the budget cycle. (8)

4.4 Name the FOUR types of wealth tax and give an example of each. (8)

4.5 Define *taxable nett income* for an individual. (9)

4.6 Describe the term *incentives*. (5)
[50]

AND/OR

QUESTION 5

5.1 State the aims of the budget speech. (10)

5.2 Discuss the functions and purpose of government budgets. (20)

5.3 State THREE important functions of import duty. (6)

5.4 Explain why employees must pay income tax. (4)

5.5 Name and explain the THREE main steps in developing an operating programme. (10)
[50]

TOTAL SECTION B: 100
GRAND TOTAL: 200

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