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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

PUBLIC FINANCE N6

(21010076)

20 November 2013 (Y-Paper)
13:00–16:00

This question paper consists of 6 pages.

BUSINESS STUDIES

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
PUBLIC FINANCE N6
TIME: 3 HOURS
MARKS: 100

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 Choose a description from COLUMN B that matches a word/item in COLUMN A. Write only the letter (A–J) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK

COLUMN A		COLUMN B	
1.1.1	Approval	A	sin or luxury tax
1.1.2	Control	B	hunting and fishing
1.1.3	Deduction	C	budget debate
1.1.4	Transfers	D	death duty
1.1.5	Consumer tariffs	E	individual tax is generally recovered from net income
1.1.6	Levies	F	products and services
1.1.7	Estate duty	G	expenditure
1.1.8	User charges	H	goods are exhaustible
1.1.9	Excise duty	I	moving personnel from one department to another
1.1.10	Tensions	J	political aspirations

(10 × 2) (20)

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1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.2.1–1.2.15) in the ANSWER BOOK.

1.2.1 VAT can be regarded as a consumption tax.

1.2.2 The budget can be used as a financial reporting tool.

1.2.3 Income tax represents the majority of state revenue.

1.2.4 The standard expenditure items are not detailed in the financial schedule of the budget.

1.2.5 Deductions imply that tax generally applies to nett income.

1.2.6 Revenue includes income taxes, consumer tariffs and loans.

1.2.7 Operating costs are salaries, administration and electricity supply.

1.2.8 Individuals pay tax on their annual turnover.

1.2.9 Stamp duty cannot be imposed on personal property.

1.2.10 User charges means money charged for the use of certain products and services.

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

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

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

1.2.14 The South Africa's budget year runs from 1 April to 31 March each year

1.2.15 The minister of finance is a tax collector.

(15 × 2) (30)
[50]

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QUESTION 2

South Africa is one of the African nations in the countries BRICS group of developing economies that is keen to promote the needs of the rest of the African continent. Agreements and business deals reached by the BRICS will benefit South Africa and most African countries, because South Africa is seen as a gateway to Africa.

2.1 What does the acronym BRICS stands for? (10)

2.2 What economic role does South Africa play towards the African continent?

Briefly list and discuss the functions and purpose of government budgets within the African perspective. (14)

2.3 What administrative control measures should South Africa enforce amongst the BRICS block, considering unbalanced import and export of goods and services?

Briefly discuss how control over expenditure ensures the efficiency and effectiveness of the a budget. (14)

2.4 Name and explain the THREE main steps in developing an operating programme. (12)
[50]

TOTAL SECTION A: 100

SECTION B

QUESTION 3

3.1 Name FOUR forms of wealth tax. (4 × 2) (8)

3.2 Name FOUR budget issues and problems. (4 × 2) (8)

3.3 Name the source of state revenue. (6)

3.4 List the different between income tax, VAT and company tax. (6)

3.5 Name FOUR factors for classifying budget information. (4 × 2) (8)

3.6 Name FIVE characteristics of a budget. (5 × 2) (10)

3.7 Substantiate why employees must pay income tax. (4)
[50]

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QUESTION 4

4.1 Define the following terms:

4.1.1 Incentives (5)

4.1.2 Government budgeting (5)

4.2 Name and briefly discuss the types of audits applicable to public sector finances. Illustrate the answer with applicable examples. (8)

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

4.4 Explain accountability as outline by the national treasurer to the three layers of government? (12)

4.5 Name the FIVE tax levies applicable at local governments? (10)
[50]

TOTAL SECTION B: 100
GRAND TOTAL: 200

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