



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N1370(E(N14)H
NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

PUBLIC FINANCE N6

(21010076)

14 November 2016 (X-Paper)
09:00–12:00

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

NOTE: If you answer more than the required number of questions, only the required number of questions will be marked. All work you do not want to be marked, must be clearly crossed out.

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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.

SECTION A**QUESTION 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 that is paid over in the form of taxation.
- 1.1.3 Taxation is of a voluntary, optional nature.
- 1.1.4 Operating costs include salaries, administration costs 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 organisational 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 a tax collector.
- 1.1.13 Personnel tax represents the majority of state revenue.
- 1.1.14 The budget year in South Africa runs from 1 April to 31 March each year.
- 1.1.15 Revenue is the source of funds.

(15 × 2) (30)

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

COLUMN A		COLUMN B
1.2.1	Source of funds	A nominal levies
1.2.2	Control after the event	B tensions
1.2.3	User charges	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 revenue
1.2.7	Unemployment insurance	G personal tax
1.2.8	For example, amounts charged for water supply	H consumer tariffs
1.2.9	Taxes that are responsible for the major part of revenue for the state	I budget year
1.2.10	Promotes economic development	J tax liability

(10 × 2)

(20)

[50]**QUESTION 2**

- 2.1 Who is the current South African minister of finance? (2)
- 2.2 Who is the current president of the Republic of South Africa? (2)
- 2.3 What measures can the Department of Finance take to force departments to account for their financial activities and expenditure? (6)
- 2.4 Parliament has a duty to ensure that sufficient control is exercised over the finances of public institutions.

Discuss the TWO administrative control measures Parliament needs to take to ensure sufficient control over the executive administrative authority. (10)

- 2.5 The public protector expects each government department to promote accountability.
Discuss this statement. (10)
- 2.6 Define the term *government budgeting*. (10)
- 2.7 State the items covered in a resource schedule budget. (10)

[50]**TOTAL SECTION A: 100****SECTION B**

Answer TWO questions only from SECTION B.

QUESTION 3

- 3.1 Explain the characteristics of a budget. (12)
- 3.2 Budget information is essential for supplying information to the legislature.
Name and discuss the FOUR factors of the classification of government budgets. (10)
- 3.3 List the sources of state revenue. (8)
- 3.4 List the tax levies that are 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]

QUESTION 4

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

State the difference between the budget of the national legislature and that of the local governments. You can show the differences either in table form or using 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 List the FOUR types of wealth tax and give an example of each.

(8)

- 4.5 Define the taxable nett income of an individual.

(9)

- 4.6 Describe the term *incentives*.

(5)

[50]**QUESTION 5**

- 5.1 State the aims of the budget speech.

(10)

- 5.2 Briefly discuss the functions and purpose of government budgets.

(20)

- 5.3 State THREE important functions of import duty.

(6)

- 5.4 Substantiate 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**