



**DEPARTMENT OF HIGHER EDUCATION AND TRAINING  
REPUBLIC OF SOUTH AFRICA  
NATIONAL CERTIFICATE  
PUBLIC FINANCE N5  
TIME: 3 HOURS  
MARKS: 200**

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**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. Start each question on a NEW page.
  5. Write neatly and legibly.
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BUSINESS STUDIES

**SECTION A****QUESTION 1**

- 1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK.
- 1.1.1 The following characteristic does not apply to collective public services:
- A Non-apportionable
  - B Exhaustible
  - C No direct quid pro quo
  - D Non-excludability
- 1.1.2 The public protector is empowered to ...
- A report directly to the auditor general.
  - B summon any person or legal body to give evidence.
  - C conduct an investigation only when the public complains.
  - D enter anywhere and demand the handing over of all records and documents for investigation.
- 1.1.3 The concept of participatory decision making would involve ...
- A consensus decision making.
  - B A and C.
  - C majority decision making.
  - D None of the above mentioned
- 1.1.4 This body that has the sole mandate to decide on the procedures to be followed when it has discovered that a person responsible for managing public funds is mismanaging public resources:
- A Cabinet
  - B Parliament
  - C Legislature
  - D None of the above-mentioned
- 1.1.5 The person acting as administrative authority is also part of the ... authority, as both are involved in execution of decisions and policies of the legislature.
- A executive
  - B parliament
  - C legislature
  - D B and C

1.1.6 Budgetary control is exercised to achieve the following objectives(s):

- A Ensure goals of estimated income are realised
- B Ensure that expenditure takes place in accordance with estimated income
- C Ensure provision of quality services so that taxpayers receive value for money
- D All the above-mentioned

1.1.7 A budget is an annual work programme. It is essential that the local legislature should receive a regular supply of progress reports, for the following reason:

- A Clear indication on the level of spending against the estimates in the budget itself
- B A financial report may also record any deviations and discrepancies
- C Provide recommendations on what may be done to rectify the situation
- D A source of revenue for national authorities

1.1.8 The director general of a department undertakes all the administrative duties on behalf of the minister. In some departments he/she may be known by another name, such as ...

- A chief of the defence force.
- B chief financial officer.
- C accounting officer.
- D All the above-mentioned

1.1.9 Intergovernmental grants are a necessity to provincial and local authorities, and are ...

- A issued by national governments.
- B to reduce the gap of financial prosperity and capacity.
- C essential sources of income.
- D A, B and C.

1.1.10 Levies on gambling are a source of revenue for ...

- A national government and local government.
- B local government and provincial government.
- C provincial government and national government.
- D All the above-mentioned

(10 x 2) [20]

**QUESTION 2**

Choose a description from COLUMN B that matches a/an word/item in COLUMN A. Write only the letter (A–K) next to the question number (2.1–2.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1	Stimulate economic development	A	incorrect procedures followed in administering public funds
2.2	Socialism	B	internal auditing which includes custody of financial records and documents
2.3	Horizontal revenue sharing	C	has ultimate authority to allocate funds
2.4	Maladministration	D	export production and creation of job opportunities
2.5	Urbanisation	E	announces the government budget proposals
2.6	Control measures	F	variable/unlimited conditional grants are not easy to budget for
2.7	Minister of Finance	G	regulating minimum employment conditions
2.8	Chairman of the Finance Committee	H	increase in demand and the provision for basic services
2.9	Legislature	I	no hawkers, flea markets and entrepreneurship
2.10	Maintaining economic order	J	often called upon to account for the financial activities of the committee
		K	distribution of revenue raised nationally among various government authorities on the same level

(10 x 2)

[20]

**QUESTION 3**

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (3.1–3.10) in the ANSWER BOOK.

- 3.1 The main source of income for the state is property taxes.
- 3.2 The national authorities issue grants to local and provincial authorities to minimise vertical fiscal inequalities and externalities.
- 3.3 Collective services are apportionable.
- 3.4 A local authority may raise a loan in order to supplement its income.
- 3.5 The first step in the distribution process is to determine the financial needs of the community.
- 3.6 The local authority is more able to spend revenue on services because it is closer to the communities.
- 3.7 The level of revenue of a governing authority is identified by the standard of living of its citizens.
- 3.8 The main function of the auditor general is to ensure that correct accounting procedures and standards are followed with regard to expenditure and revenue reported.
- 3.9 The director general (head of department) is usually appointed as the auditor general.
- 3.10 There are no limits to the treasury's power to grant dispensation.

(10 x 2) [20]

**QUESTION 4**

Define the following terms in your own words:

- |     |                    |         |             |
|-----|--------------------|---------|-------------|
| 4.1 | Fiscal year        |         |             |
| 4.2 | Contracting out    |         |             |
| 4.3 | Parliament         |         |             |
| 4.4 | Social instability |         |             |
| 4.5 | Auditor general    | (5 x 2) | <b>[10]</b> |

**QUESTION 5**

- |     |   |         |             |
|-----|---|---------|-------------|
| 5.1 | Name FIVE types of sources of income to the National Authority in South Africa and give an example of each. | (5 x 4) | (20)        |
| 5.2 | Name and briefly explain the characteristics of particular services.  | (5 x 2) | (10)        |
|     |   |         | <b>[30]</b> |

**TOTAL SECTION A: 100**

**SECTION B****QUESTION 6**

- |     |  |          |             |
|-----|--|----------|-------------|
| 6.1 | Give FIVE reasons for privatisation.   | (5 x 2)  | (10)        |
| 6.2 | The local legislature (town council) is empowered to legislate and make by-laws.<br>Briefly describe the decisions they have to make with regard to public finances. | (10 x 2) | (20)        |
| 6.3 | Explain TEN responsibilities of an accounting officer.   | (10 x 2) | (20)        |
|     |  |          | <b>[50]</b> |

**QUESTION 7**

- 7.1 Describe, in full, the THREE different types of audits. (10 x 2) (20)
- 7.2 Name FIVE of the social welfare services that are rendered by government to benefit communities and give an example of each. (5 x 2) (10)
- 7.3 Name FIVE control measures of public finance performed by local authorities. (5 x 2) (10)
- 7.4 Give FIVE factors of monetary control. (5 x 2) (10)

**TOTAL SECTION B: 100**  
**GRAND TOTAL: 200**