higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

PUBLIC FINANCE N6

13 NOVEMBER 2019

This marking guideline consists of 6 pages.

Copyright reserved

SECTION A

QUESTION 1

1.1	1.1.1	A		
	1.1.2	D		
	1.1.3	A		
	1.1.4	D		
	1.1.5	A		
	1.1.6	D		
	1.1.7	A		
	1.1.8	B		
	1.1.9	C		
	1.1.10	D		
			(10 × 2)	(20)
1.2	1.2.1	True		
	1.2.2	True		
	1.2.3	True		
	1.2.4	True		
	1.2.5	True		
	1.2.6	True		
	1.2.7	False		
	1.2.8	True		
	1.2.9	False		
	1.2.10	True		
			(10 × 2)	(20)
1.3	1.3.1	Rebate		
	1.3.2	Expenditure		
	1.3.3	Rates		
	1.3.4	Interim		
	1.3.5	Budget		
	1.3.6	Exemptions		
	1.3.7	Bracket		
	1.3.8	Excise		
	1.3.9	VAT		
	1.3.10	Operating		
			(10 × 2)	(20)
1.4	1.4.1	Import		
	1.4.2	VAT		
	1.4.3	Real		
	1.4.4	Payroll		
	1.4.5	Financial		
	1.4.6	Main		
	1.4.7	Incentives		
	1.4.8	Immeasurable		
	1.4.9	Provincial		
	1.4.10	Personal		
			(10 × 2)	(20)

Copyright reserved

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

(10 × 2) (20)
[100]

TOTAL SECTION A: 100

SECTION B

QUESTION 2

2.1
- It is expressed in monetary terms.
- It reflects the political aspirations of the government of the day.
- It is prepared for a fixed period.
- It should be practical to implement.
- It reflects the fiscal policy of government.
- It analyses costs and revenue. (6 × 2) (12)

2.2 Transfers:
- This occurs when money is moved from one vote/department or division to another in the National Revenue Fund.
- Approval for moving money must be given by Parliament, after which the Minister of Finance must table the national adjustment budget.
- The purpose of the adjustment or transfer must be specified.
- The money transferred from one vote/department or section of the department may only be used for the specified purposes.
- Money transferred is usually utilised for service delivery, like compensation of employees, payment of capital projects, etc.

(Any relevant explanations of transfers) (10)

2.3
- Preparation
- Approval
- Execution
- Control (4 × 2) (8)

2.4
- Equitable financing:✓ If the revenue is acquired from cash in the form of taxes received from current taxpayers, future generations will enjoy the benefit,✓✓ but the burden on the current taxpayers might be very heavy, as capital projects often require a great deal of money.✓
- Stabilising effect:✓ Financing capital projects from loans can spread over many years, meaning that the burden on taxpayers will be lessened.✓✓
- Greater control:✓ A separate capital budget enables the authorities to pay more attention to and have greater control of the project.✓✓ (10)

2.5
- Levies at local government level
- Hunting and fishing licences
- Hospitalisation services
- Professional services
- Motor vehicle licences
- Casino licences (5 × 2) (10)

[50]

QUESTION 3

3.1
- Replacement and repair of existing equipment
- Adjustments and improvements according to regulatory requirements
- Expansions and improvements
- Additions and acquisitions (4 × 2) (8)

3.2
- Individual income tax
- Payroll tax that employers pay on behalf of employees
- Company tax on profits
- Excise duties, which are taxes paid on beverages, etc.
- Customs duties, which are taxes paid to discourage the importing of goods (5 × 2) (10)

3.3
- Involve the role players:✓ Departments should be involved to the extent of their financial requests.✓✓
- Budget for income first:✓ Realistic projections of reliable income should be created.✓✓
- Understand the sources of revenue:✓ Diverse sources of revenue should be clearly indicated.✓✓
- Understand the budget relationship to the country's short-term and long-term goals:✓ Budget to be consistent with the country's goals regarding both fiscal and monetary policies.✓✓ (4 × 3) (12)

Copyright reserved

3.4
- To create a socially just society
- To enable the majority of people from the lower and middle class to benefit as consumers
- To prevent economic crises
- To serve as a moral obligation for wealthy people
- To provide equal opportunities for individual citizens to achieve a better standard of living (5 × 2) (10)

3.5
- A situation that arises when inflation pushes income✓✓ into a higher tax bracket✓✓
- Income tax increases,✓✓ with no real increase✓✓ in real purchasing power✓✓ (10)

[50]

QUESTION 4

4.1
- Rollover: This situation arises when commitments made in the previous financial year cannot be realised or completed.
- The money that was not used is transferred or rolled over to the following year for completion of such a project or service. (2 × 2) (4)

4.2
- To deal with inequality between the rich and the poor
- The right thing to do morally
- To resolve economic instability
- To deal with social instability (4 × 2) (8)

4.3
- It should be realistic.
- It should be flexible.
- It should be achievable or workable.
- It should reflect both estimated income and expenditure. (4 × 2) (8)

4.4
- Financial responsibility
- Purpose of expenditure
- Expenditure items
- Source of financing (4 × 2) (8)

4.5
- Direct expenses:✓ These are expenses relating to production or service that need to be paid.✓✓
- Administrative expenses:✓ These are costs incurred for marketing and payment of consultants.✓✓
- Variance analysis or unforeseen expenses:✓ These are anticipated future expenses.✓✓ (3 × 4) (12)

Copyright reserved

4.6
- Personnel:✓ These are payments of wages and salaries to employees.✓
- Administrative:✓ It is the cost of implementing the organisational goals through administration and good governance.✓
- Stores:✓ These are non-fixed assets that can be used or consumed once.✓
- Land and buildings:✓ These are fixed assets which can be used over a long period.✓
- Professional and special services:✓ These include services like security and consultants.✓ (5 × 2) (10)

[50]

TOTAL SECTION B: 100
GRAND TOTAL: 200

Copyright reserved