higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

PUBLIC FINANCE N6

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This marking guideline consists of 6 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	C	
	1.1.2	B	
	1.1.3	D	
	1.1.4	A	
	1.1.5	D	
	1.1.6	D	
	1.1.7	A	
	1.1.8	B	
	1.1.9	D	
	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	True	
	1.2.8	True	
	1.2.9	True	
	1.2.10	False	
			(10 × 2) (20)
1.3	1.3.1	main	
	1.3.2	financial	
	1.3.3	rate	
	1.3.4	interim	
	1.3.5	tax base	
	1.3.6	dumping	
	1.3.7	profit	
	1.3.8	user	
	1.3.9	property tax	
	1.3.10	Progressive tax	
			(10 × 2) (20)
1.4	1.4.1	fiscal	
	1.4.2	12 months	
	1.4.3	stamp duty	
	1.4.4	sin	
	1.4.5	nominal levies	
	1.4.6	income	
	1.4.7	motivation	
	1.4.8	Personal income tax	
	1.4.9	social responsibility	
	1.4.10	budget	
			(10 × 2) (20)

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

(10 × 2) (20)
[100]

TOTAL SECTION A: 100

SECTION B

Answer only TWO questions in this section.

QUESTION 2

2.1 2.1.1
- Auditor General
- Accounting Offices
- Public Accounts Committee (3)

2.1.2 Priori control: A prescribed control or control measures✓✓ that are framed before any expenditure takes place.✓✓ (4)

2.1.3 Ex post facto control: A control measure that helps to ensure that expenditure has taken place✓✓ in accordance with the wishes and directives of the legislature.✓✓ (4)

2.1.4 Tax exemption: A monetary exemption that reduces taxable income or relief from taxes on certain items. (2)

2.2
- To publicly announce the plans of the various departments.
- To give a broad outline of the social needs.
- To give an indication of the financial state of the government.
- To announce new policies and goals, and to explain increases in expenditure.
- To announce the tax proposals, changes in income and consumer tariffs.

(5 × 2) (10)

2.3
- Income tax:✓ Tax paid on personal income, tax on wage totals, company taxes, etc.✓✓
- Property tax:✓ Tax paid on property that is owned by a person as it adds and forms part of his or her wealth.✓✓
- Consumption tax:✓ Tax paid by consumers on buying and using goods or services where such tax is paid.✓✓
- User charges, consumer tariffs:✓ Tax paid on the use of certain goods and services.✓✓

(4 × 3) (12)

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2.4
- Hunting and fishing licences
- Hospitalisation fees
- Professional services
- Motor vehicle licences
- Casino licences (5 × 2) (10)

2.5
2.5.1 South African Revenue Services
2.5.2 General Sales Tax
2.5.3 Pay As You Earn
2.5.4 Unemployment Insurance Fund
2.5.5 Net Domestic Product
(5 × 1) (5)
[50]

QUESTION 3

3.1
- Capital budget:✓✓ Deals with big projects that are paid once to develop something in the community,✓✓ e.g. water pipes.✓
- Operating budget:✓✓ Deals with day-to-day costs and income to deliver services to the community,✓✓ e.g. salaries.✓ (2 × 5) (10)

3.2
- Direct taxes:✓✓ Taxes collected directly from income and wealth,✓✓ e.g. income tax.✓
- Indirect taxes:✓✓ Tax imposed on goods and services sold,✓✓ e.g. VAT.✓✓ (10)

3.3
- Preparation
- Approval
- Execution
- Control (4 × 2) (8)

3.4
- Government may use taxation in order to cool down the economy by taking away more from people
- Citizens have less to spend, which has the effect of regulating the economy
- Generally by lowering inflation
- When spending declines, inflation nearly always drops too. (4 × 2) (8)

3.5 Nominal levies: Levies and charges that do not fit into the category of tariffs or user charges, but yield considerable revenue for the government. (2)

3.6 User charges are money charged for the use of certain products and services,✓✓ e.g. health services,✓ whereas consumer tariffs are money paid for the use of goods that are exhaustible and need to be replenished,✓✓ e.g. supply of water and electricity.✓ (6)

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3.7
- Exemption to exporters
- Industries participate in decentralised activities
- Exemptions on training by industries (3 × 2) (6)

[50]

QUESTION 4

4.1
- Funds are made available for specific purposes itemised in the budget documents.
- Ministers may approve excess spending, but only to an amount of 2%.
- Funds allocated must be spent within that financial year.
- Funds must be spent after approval by the Accounting Officer of each department.
- Approval of legislature is needed if departments consider spending funds on anything other than what they budgeted for. (5 × 2) (10)

4.2
- High priority for original construction or for essential extensions
- Desirable completion
- Useful completion
- Dispensable completion (4 × 2) (8)

4.3
- Political considerations
- With the purchase of equipment, machinery or with the construction of a building, capital assets are created.
- Many major issues, such as community needs, cost of escalation, technological changes, etc., must be considered.
- Volatile domestic economies could mean a drastic fluctuation in the loan repayment amount. (4 × 2) (8)

4.4
- Donations from private individuals or organisations.
- Loans or grants by other authorities
- Loans on the capital market (Any 2 × 2) (4)

4.5
- Source of revenue
- To discourage importation of goods
- To stop dumping (3 × 2) (6)

4.6 Income tax is the primary and most substantial source of revenue for the government✓✓ to render goods and services to the community.✓✓ (4)

4.7 Step 1: To identify the broad overall policy and direction of the government.

Step 2: To divide this policy into projects and these projects into specific activities.

Step 3: To schedule the activities of each department and ministry in detailed sequence.

Step 4: Budgeting for each department's activities.

Step 5: Implementing the planned budgeting activities.

(5 × 2) (10)
[50]

TOTAL SECTION B: 100
GRAND TOTAL: 200

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