



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N5

27 May 2024

This marking guideline consists of 7 pages.

QUESTION 1

1.1	1.1.1	False		
	1.1.2	True		
	1.1.3	True		
	1.1.4	False		
	1.1.5	True		
			(5 × 2)	(10)
1.2	1.2.1	Sole proprietorship refers to a form of business ownership which is operated by an individual owner of all assets in the business✓ who also takes liability for all debts in the business.✓		(2)
	1.2.2	• It is easy to establish and has little legal prescriptions. • The owner has sole autonomy over the management of the business and can make decisions. • All the profit of the business belongs to the owner. • The owner gets motivated and works hard. • The business is taxed once. • It can be terminated easily.		(Any 3 × 2) (6)
	1.2.3	• The owner will be liable for any debts. • Financial assistance and any possibilities of expansion are limited. • Lack of knowledge and skills may lead to the suffering of the business since there is only one person who is involved in making decisions. • The continuity of this form of ownership is limited to the owner's lifespan.		(Any 2 × 2) (4)
	1.3	1.3.1	E	
		1.3.2	D	
		1.3.3	C	
		1.3.4	E	
		1.3.5	B	
			(5 × 1)	(5)
1.4	1.4.1	• Creating new products • Introducing new production methods • Entering new markets • Acquiring new stock resources • Industrial reorganisation		(5)
	1.4.2	• Economic innovation • Creation of an organisation • Profit-seeking		(3)

- 1.4.3
- Freedom to utilise opportunities that exist in the organisation
 - Flexibility of the organisation
 - Confidence that management has the abilities and support of entrepreneurs
 - Allowing entrepreneurs to be creative
 - Allowing entrepreneurs to conduct activities independently
 - Allowing entrepreneurs to take risks in the organisation
- (Any 5 × 1) (5)
[40]

QUESTION 2

- 2.1 2.1.1
- Memorandum of association
 - Memorandum of incorporation
- (2)
- 2.1.2
- Transfers are simplified.
 - Continuity is simplified.
 - There is limited liability.
 - There are estate taxation benefits.
 - There is a possible increase in efficiency.
- (Any 3 × 2) (6)
- 2.1.3
- The costs of establishment and maintenance are high.
 - There are income tax disadvantages.
 - There is a possible high cost of dissolution.
- (Any 3 × 2) (6)
- 2.2 2.2.1
- It is a separate legal entity which allows for limited liability to its members and exists independent from its members.
 - It offers continuity to its members.
 - Foundation of the corporation is relatively cheap and easy.
 - The management is quite flexible.
 - Decision-making structures are not complex.
 - A close corporation may buy its members' interest and may also provide financial assistance to its members to enable them to become members of the business.
 - A close corporation may buy shares in a company and may also manage a company.
- (Any 5 × 2) (10)
- 2.2.2
- The document that is used at the founding of a close corporation is a deed of foundation or charter.✓
- It should have the following:
- Name of business✓
 - Main function✓
 - Address where the business is situated✓
 - Name and address of the accounting officer✓
 - Names and addresses of all members✓
 - Size of the individual's interest✓
 - Details of the individual's interest✓

- 2.2.3
- Each member must participate in the operation of the close corporation.
 - All members have equal say in the management of the business.
 - A member's vote corresponds with the interest that he/she has in the business.
 - Any payments to members must be in line with each member's interests in the corporation. (Any 4 × 2)
- (8)
[40]

QUESTION 3

- 3.1
- Identify risk or profit preference.
 - Allocate different probabilities to different outcomes of a decision.
 - Select a farming strategy that corresponds with the risk and profit preference.
 - Control risk in such a way that acceptable risk levels are maintained. (4)
- 3.2
- 3.2.1 A strategic plan focuses on the development✓ of a broad long-term plan✓ to realise the overall mission of the business.✓ (3)
- 3.2.2
- Strategic planning is focused on a time framework of three to ten years.
 - It is centred on all aspects of the entire business.
 - It is focused on the future and considers all possible environmental changes.
 - It requires a continued adaptation to environment.
 - It has no specific detail, but rather has broad general guidelines to steer the business on the way forward.
 - Management strives to focus the resources and expertise of the farming enterprise on possible opportunities and to navigate through risks in order to reach the ultimate goal, namely to realise a profit and to justify the existence of the farm. (Any 5 × 1) (5)
- 3.2.3
- Enables investigation and evaluation of the external environment
 - More profitable opportunities for the farm may be identified.
 - Requires a better understanding and awareness of opportunities as well as threats in the external environment
 - Resources on the farm can be easily applied to address the demands of the environment.
 - Farmers' actions and thoughts are focused according to a long-term plan.
 - Provides guidance to the farmer in his/her daily activities
 - Provides a framework for decision making (Any 2 × 1) (2)

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|-----|-------|---|--------------------------------|
| 3.3 | 3.3.1 | <ul style="list-style-type: none"> • What are the farmer's objectives?✓ e.g. To be the leading maize producer in South Africa✓ • What are the farmer's objectives to reach the strategic outcomes?✓ e.g. To produce 10 tonnes of maize per hectare✓ • What are the strengths and weaknesses of the farmer?✓ e.g. The manager has a degree in plant production (strength).;✓ Import tariffs such as maize coming from other countries like Brazil and selling at a relative low price per tonne as compare to our local price per tonne.; SAFEX might be a weakness.✓ • Which resources does the farmer have at his/her disposal to reach these goals?✓ e.g. The farmer already has a tractor.✓ • What are the characteristics of the farming environment?✓ e.g. The area where the farm is at has a favourable climate for maize production.✓ • What strategic opportunities are present in the immediate environment?✓ E.g. There are no maize producers in the area.✓ • How can the farmer exploit the opportunities through his enterprise's strengths?✓ e.g. A lot of maize will be produced and marketed.✓ • To what extent will the strategy be adapted to exploit these opportunities?✓ e.g. The farmer will sign contracts with most feed companies and other wholesale owners that require maize.✓ • How will the new strategy be implemented?✓ e.g. Planning on how many hectares to use for maize production in the first year of production.✓ • Which control measures can be put in place to better the chances of success?✓ e.g. To minimise input costs✓ | (20) |
| | 3.3.2 | <ul style="list-style-type: none"> • Choice of variety • Production system • Level of technical competency • Extent of production • Input cost • Output cost/Availability of a market | (Any 6 × 1) (6)
[40] |

QUESTION 4

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|-----|-------|---|--------------|
| 4.1 | 4.1.1 | C | |
| | 4.1.2 | G | |
| | 4.1.3 | B | |
| | 4.1.4 | F | |
| | 4.1.5 | A | |
| | 4.1.6 | E | |
| | | | (6 × 2) (12) |

4.2	4.2.1	Master of the Supreme Court	(2)
	4.2.2	• Taking all the assets of the estate into her care • Collecting any outstanding debts • Paying all outstanding creditors • Seeing to the fair and just division of all assets of the deceased according to the will	(4)
	4.2.3	• Notice of death • Death certificate • Identity document • Provisional inventory of the deceased's assets • Last testament	(5)
	4.2.4	Fideicommissum is the award of a right on a property to one person✓ subject to the stipulation that the right must be transferred to another person after a specific event.✓ For example, Mrs Meki bequeaths a farm to one of his sons✓ and specifies that, at the death of this son, the daughter will inherit the farm.✓ The daughter will only inherit the farm when the son dies.✓ If the daughter dies before the son, the daughter's interest in the farm terminates✓ and therefore the son will not have any limitations on the ownership✓	(7)
4.3		• Creator of the trust • Family members • Friends • Banks or trust companies • Professional persons, e.g. auditors	(5 × 2) (10) [40]

QUESTION 5

5.1	5.1.1	• It is not a main group of insurance. • It is a combination of whole life assurance with profits where the diminishing-term coverage policy is incorporated. • It is the most affordable form of permanent coverage. • The coverage does not normally increase with time.	(4)
	5.1.2	• An insured amount is payable only when the insured dies, irrespective of when it occurs. • The insured amount may remain fixed over time or may also share in the investment profits.	(3)
	5.1.3	• It is not payable after a specific fixed term. • The policy amount is paid if the insured dies before the date of the term. • If the policy completes its term without the insured dying, no funds are paid out.	

5.2	5.2.1	• Due to the risk borne by the insurers, they will require all possible and useful information about the insured. • This information includes the health condition and life pattern of the insured as far as the life expectancy is influenced. • The company may refuse to pay if certain information is not revealed. • The duty of revealing can influence the success or failure of a claim. • Medical records and medical examinations are compulsory for large policy companies.		
	5.2.2	• This insurance offers protection to the insured against disabilities✓ caused by accidents disasters or natural causes that influence✓ the medical condition of the insured to such an extent that he/she cannot continue with his/her normal occupation.✓ • It is added as a benefit on an existing policy at either no additional premium✓ or a reduction in insured amount that is payable at the death of the insured.✓	(2 × 5)	(10)
5.3	5.3.1	Compensation		
	5.3.2	Compensation		
	5.3.3	Security		
	5.3.4	Security		
	5.3.5	Security	(5 × 2)	(10)
5.4	5.4.1	Long-term insurance involves a policy contract.✓ The insurer enters into a contract with the insured where the former guarantees that an insured amount will be paid out✓ at the death of the insured.✓ The insured's permanent disability✓ could be paid at the end of a specified period.✓		
	5.4.2	Short-term insurance is renewed every year.✓ The insurer will be paid out according to his/her loss or damage.✓ This is also known as indemnity.✓ It includes fire.✓ It includes theft.✓ It includes property and motor vehicle insurance.	(Any FIVE) (2 × 5)	(10) [40]
TOTAL:				200