



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N5
(40903875)

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This marking guideline consists of 9 pages.

QUESTION 1

1.1	1.1.1	C		
	1.1.2	D		
	1.1.3	C		
	1.1.4	D		
	1.1.5	A		
			(5 × 2)	(10)
1.2	1.2.1	Sole proprietorship refers to a form of business ownership that is operated by an individual owner of all assets in the business,✓ who also takes liability of all debts in the business.✓		(2)
	1.2.2	• It is easy to establish and has few legal prescriptions. • The owner has sole autonomy over the management of the business and can make decisions. • All 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 is 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 as only Mrs Toto makes all decisions. • The continuity of this form of ownership is limited to Mrs Toto's lifespan.		(Any 2 × 2) (4)
	1.2.4	A sole trader is taxed on business income as personal income, paying income tax at their individual rate and self-employment tax.		(2)
	1.2.5	• Department of Employment and Labour • Workmen Compensation Fund • South African Revenues Services		(3)
1.3	1.3.1	A		
	1.3.2	C		
	1.3.3	D		
	1.3.4	F		
	1.3.5	G		
			(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
 - Taking risks in the organisation
- (Any 5 × 2) (10)
- [50]**

QUESTION 2

- 2.1
- Strengths:✓ Internal attributes and resources that support a successful outcome✓
 - Weaknesses:✓ Internal attributes and limitations that could hinder success✓
 - Opportunities:✓ External factors that the entity can capitalise on or use to its advantage✓
 - Threats:✓ External factors that could cause trouble or pose risks to the entity's success✓
- (4 × 2) (8)

2.2 Characteristics of diversification

- Two or more production branches in the farming industry are utilised.
 - It is utilised to avoid price and yield uncertainties.
 - It is done because different products are subjected to different price tendencies and production variations.
 - It is assumed that a combination of production branches will contribute to a more stable income.
 - It eliminates the possibility of one enterprise resulting in a collapse of the farming enterprise.
- (Any relevant TWO)

Characteristics of adaptability

- It refers to the ability of the farmer to manipulate his production so as get benefits of fluctuating prices and yields.
 - It eliminates a total collapse of the business.
 - Branches such as orchards and stud animals have a low adaptability.
 - Branches that include short seasonal crops are more adaptable.
 - The farmer must always consider the adaptability of farming activities with regard to time, production and production resources when drawing up the strategic plan.
- (Any relevant TWO)

(2 + 2) (4)

- 2.3 2.3.1
 - Information about crops, arable land and cultivation practices
 - Size of existing machinery and equipment
 - Type of machinery
 - Ownership of machinery (Any 3 × 2) (6)
- 2.3.2
 - Keep accurate records.
 - Lubricate moving parts of the machinery and equipment.
 - Change oil regularly.
 - Inspect lights and batteries.
 - Keep machinery clean. (Any 4 × 2) (8)
- 2.4 A maximalist is an individual who owns an organisation with the objective of maximising his/her income. (2)
- 2.5
 - Implement wide-ranging decisions as smaller steps spread over a longer period.
 - Calculate the cash flow against a range of prices and return on investment possibilities before a long-term commitment is made regarding land, buildings and machinery.
 - Keep cash flow and financial records updated in order to detect any problem sooner than later.
 - Arrange for payment of long-term financial loans over the longest period as possible in order to provide for uncertain times.
 - Maintain a sound financial position throughout.
 - Keep a credit or cash reserve equal to the amount needed to pay debtors over a period of at least one or two years.
 - Diversify production by focusing on more than one type of crop and/or livestock.
 - Select stable operation branches.
 - Use low investment production systems.
 - Continually keep machinery and equipment in good condition. (Any 3 × 2) (6)
- 2.6 2.6.1 A strategic plan focuses on the development of a broad long-term plan✓ to realise the overall mission of the business.✓ (2)
- 2.6.2
 - Enables managers to investigate and evaluate the external environment
 - Identifies opportunities that are more profitable for the farm
 - Gives a better understanding and awareness of opportunities as well as threats in the external environment
 - Helps to easily apply the resources on the farm to address the demands of the environment
 - Focuses the farmer's actions and thoughts according to a long-term plan
 - Guides the farmer in managing daily activities
 - Provides a framework for decision making (Any 2 × 2) (4)

- 2.6.3
- It 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 the environment.
 - It has no specific detail, but rather broad, general guidelines to steer the business on the way forward.
 - Management strives to focus the resources and expertise of the farming concern on possible opportunities and navigates through risks in order to reach the ultimate goal, to realise a profit and to justify the existence of the farm.
- (Any 2 × 2) (4)

- 2.7
- Production uncertainties:✓ Yield per hectare fluctuates greatly due to weather conditions and other factors such as pests and diseases.✓
 - Price uncertainties:✓ The forces of demand and supply will have an impact on the prices of crops and livestock.✓
 - Risk due to aging:✓ The old equipment and machinery may become obsolete and less effective on introducing new ones.✓
 - Political and social uncertainties:✓ Changes in legislation in the agricultural sector may increase the production cost and require farmers to be reskilled.✓
 - Human uncertainties:✓ Health and wellbeing of the human resource is unpredictable and may have a negative influence on the production.✓
 - Financial uncertainties:✓ Changes in the availability, cost and terms of repayment of borrowed capital can influence the business.✓
 - Mechanical uncertainties:✓ It is unpredictable when machinery will become defective. The machinery can be defective during the peak season and that will have a negative effect on the profitability of the business.✓
 - Uncertainties due to elements of nature and human intervention:✓ Production can be hampered by unforeseen circumstances such as fire wind and bad weather conditions.✓

(Any 3 × 2)

(6)

[50]

QUESTION 3

- 3.1 3.1.1 Hybrid seeds are used for doing a job effectively,✓ skilfully and qualitatively.✓ (2)
- 3.1.2
 - Increased yield potential compared to traditional seeds.
 - Enhanced adaptability to various environmental conditions
 - More uniformity in plant characteristics, leading to easier management and harvesting
 - Improved resistance to pests and diseases
 - Potential for hybrid vigour, resulting in stronger plants and better performance (Any 4 × 2) (8)
- 3.2
 - Toilets and facilities for hand washing in the fields and at production plants
 - Proper housing or accommodation facilities for workers on the farm
 - Training not only for the workplace but also life skills
 - Shower facilities for workers
 - Safe disposal of chemical containers so that they cannot be used as containers for other purposes by workers or other persons
 - Cleaning of work areas
 - Provision of suitable PPE and cleaning
 - Separate areas for housing of workers and structures for chemical stores or sludge dams
 - Clean and safe working facilities
 - Control of standing water (Any 5 × 2) (10)
- 3.3
 - No overgrazing or overstocking or continuous grazing
 - Correct fencing of the camps according to plant cover or rotational grazing
 - Monitoring encroaching species
 - Encouraging other plants besides pioneer plants through reseedling or reintroduction
 - Roads and veld tracks versus random driving or careful thoughts must be used when ploughing making roads tracks versus random driving over veld
 - Protecting natural wildlife
 - Burning fynbos at the right time of the year to encourage further growth
 - Injudicious cultivation of virgin land damages the natural vegetation
 - Maintaining adequate vegetation (Any 5 × 2) (10)
- 3.4 3.4.1 Good agricultural practices is a set of standards that are applied across the world✓ in the production of agricultural crops and livestock.✓ (2)

- 3.4.2
- The consumer is ensured of a food product that minimises the risk of disease and contamination.
 - The government is ensured of good trade relations with other countries.
 - It improves the safety and quality of agricultural products.
 - It adds value to the products by complying with international standards.
 - It improves the participation of smallholders.
 - It encourages farmers to produce the best quality produce.
 - Farmers need to comply with the minimum safety and health requirements of the farm.
 - It reduces costs to the farmer in the long run.
 - It improves the production process and management.
 - The retailers in the distribution chain will be able to source good quality products.
- (Any 4 × 2)

(8)

- 3.5
- Sheep: Lambing percentage uses a specific database to determine and monitor sheep during the lambing period.
 - Milk production per animal: A computerised data recording system for the use in a dairy parlour was developed to do an automatic evaluation of yield, milk flow rate as well as the milking times of each cow.
 - Weaning percentage and average weaning mass are stored on the database.
 - Average mass of slaughtered carcass: Automated scales are used.
 - Number of livestock per hectare (known as the carrying capacity or grazing capacity): Drones detect livestock in identified areas and the resulting images are sent to a computer.
 - Appearance of diseases in herds and flocks: Infrared cameras can identify diseases such as mastitis.
 - Animal fertility: A sonar scan identifies which animals are pregnant with one or more fetuses.
 - Conversion of food to body mass per animal: A ratio measures the efficiency with which the bodies of livestock convert animal feed into the desired output. The cost of feed can be monitored.
 - Percentage animal mortality: This information needs to be recorded so that the farmer can select animals that mother their offspring well and isolate females that deliver weak offspring that cannot survive.
 - Wool production per animal: A typical database is used to determine the wool production of sheep. This information is then used in the selection for improving the genetic base of the head of flock.
 - Bull performance grading: It is used to identify which bulls produce offspring that slaughter out a top grade carcass. The apparatuses sends the information to a computer program that turns the data into information and warns the farmer that the animal is ready for insemination.
 - Heat-measuring devices: These are available to monitor a female that is in oestrous so that insemination can be done on time. The apparatus sends the information to a computer program that turns the data into information and warns the farmer that the animal is ready for insemination.

(Any relevant 5 × 2)

QUESTION 4

- 4.1 4.1.1 A will is a declaration by a person (testator) that explains how assets must be distributed after his/her death.
- 4.1.2 An heir is a beneficiary who receives part of or the entire bequest or any other remnant after the debts for the will have been paid.
- 4.1.3 Collation involves the descendants of the deceased returning benefits that they received during the lifetime of the testator.
- 4.1.4 Usufruct is the legal right granted to someone to use and benefit from a property, while the ownership of that property belongs to someone else.
- 4.1.5 Codicil refers to later additions to a will. (5 × 2) (10)
- 4.2 4.2.1 Master of Supreme Court (2)
- 4.2.2
 - Take all the assets of the estate in his/her care.
 - Collect any outstanding debts.
 - Pay all outstanding creditors.
 - See 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
 - Creator of the trust
 - Family members
 - Friends
 - Banks or trust companies
 - Professional persons(Any 4 × 1) (4)
- [25]**

QUESTION 5

- 5.1 5.1.1 • 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.✓
- 5.1.2 A pure endowment policy is a life insurance contract✓ that pays a lump sum to the policyholder only if they survive to the end of a specified term,✓ with no benefits paid if they die before then.✓
(2 × 3) (6)
- 5.2 5.2.1 Insurance is a financial arrangement✓ in which individuals or entities pay premiums to an insurer✓ in exchange for protection against specified risks, receiving compensation or coverage for losses, damages or liabilities that may occur.✓
(3)
- 5.2.2 Long-term insurance involves a policy contract✓ the insurer enters into 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.✓
(Any THREE)
- Short-term insurance is renewed every year.✓ The insurer will be paid out according to loss or damage✓ This is also known as indemnity.✓ It includes fire,✓ theft,✓ property and motor vehicle insurance.✓
(Any THREE)
(3 + 3) (6)
- 5.3 • These policies differ from ordinary policies in that the premiums are tax-deductible from income to a maximum amount.
• The yield generated on the policy is again taxable when paid out.
• At retirement, one-third of the funds is available to be taken up and is tax-exempted.
• At the early death of the insured, all payments contributed to the fund plus the percentage compound interest, as well as one-third of the remainder, are tax-exempted.
• In the case of ordinary policies for individuals, the premium is nondeductible for tax purposes.
• Retirement annuities can be bought with life coverage or without.
• Annuities cannot be redeemed or ceded to third parties, and this is a safe option for saving.
• The fact that annuities cannot be ceded to third parties makes it a better option for saving.
• No claim can be made against this money in case of insolvency.
• The yield of retirement annuities may not be taken up before the age of 55.
(Any relevant 5 × 2) (10)
[25]

TOTAL: