



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N5

18 November 2024

This marking guideline consists of 7 pages.

QUESTION 1

- | | | | | |
|-----|--------|--|-------------|-------------|
| 1.1 | 1.1.1 | A | | |
| | 1.1.2 | B | | |
| | 1.1.3 | D | | |
| | 1.1.4 | C | | |
| | 1.1.5 | B | | |
| | 1.1.6 | A | | |
| | 1.1.7 | B | | |
| | 1.1.8 | A | | |
| | 1.1.9 | B | | |
| | 1.1.10 | A | | |
| | | | (10 × 2) | (20) |
| 1.2 | 1.2.1 | Partnership is an agreement✓ between two or more parties with reference to a business.✓ | | (2) |
| | 1.2.2 | <ul style="list-style-type: none">• It is easy and affordable to establish.• It is not subjected to special taxation as compared to companies.• Management and control of partnerships are not controlled by regulation.• More than one person can put together finances and other assets to target a mutual objective.• Partners usually have a personal interest in the success of the partnership.• Dissolution of a partnership is relatively easy. | (Any 3 × 2) | (6) |
| | 1.2.3 | <ul style="list-style-type: none">• The partnership has no legal entity of rights.• There is limited continuity.• Control and management may create problems since it might be difficult to reach consensus.• A very good understanding of each other needs to exist if the partnership is to be successful.• A weak partner may hamper success. | (Any 4 × 2) | (8) |
| 1.3 | 1.3.1 | B | | |
| | 1.3.2 | D | | |
| | 1.3.3 | B | | |
| | 1.3.4 | E | | |
| | | | (4 × 1) | (4) |
| | | | | [40] |

QUESTION 2

- | | | |
|-----|-------|--|
| 2.1 | 2.1.1 | <ul style="list-style-type: none">• Creating new products• Introducing new production methods• Entering new markets• Acquiring new stock resources• Industrial re-organisation |
|-----|-------|--|

- 2.1.2
- Motivation to achieve
 - Acceptance of risk
 - Positive self-image
 - Ingenuity
 - Pursuit of independence
 - Intelligence and formal education (Any 5 × 1) (5)
- 2.1.3
- The South African and the world economy are under pressure to perform.✓ Positive entrepreneurship can contribute to the creation of wealth.✓
 - Social threats like unemployment and financial instability can be effectively addressed through entrepreneurship.
 - Technological developments that increase at a fast rate requires businesses to keep pace with developments.
 - Better service delivery by businesses to their customers, better working conditions for employees, products of better quality and better cost structures are needed.
 - Increased productivity that improves the effectiveness of the business activities, as well as the satisfaction of the client's needs by using the available resources is required. (5 × 2) (10)
- 2.2
- 2.2.1
- Memorandum of Association
 - Memorandum of Incorporation (2)
- 2.2.2
- Company with share capital
 - Company without share capital (2)
- 2.2.3
- Transfers are simplified
 - Continuity is simplified
 - Limited liability
 - Estate taxation benefits
 - Possible increase in efficiency (Any 4 × 2) (8)
- 2.2.4
- High cost of establishment and maintenance
 - Income tax disadvantage
 - Possible high cost of dissolution (3 × 2) (6)
- 2.3
- The Master of the Supreme Court may request that trustees acquire their own security at own cost.
 - Permission needs to be granted by all parties to the trust once any changes to the original trust contract are required.
 - Finance opportunities to the trust are limited. (Any 2 × 1) (2)
- [40]

QUESTION 3

- 3.1
- Production uncertainties
 - Price uncertainties
 - Political and social uncertainties
 - Financial uncertainties
 - Human uncertainties
 - Mechanical uncertainties
 - Uncertainties due to the elements of nature and human intervention
 - Risk due to ageing (Any 6 × 1) (6)
- 3.2
- 3.2.1 A strategic plan is a plan which focuses on the development✓ of broad long-term plans ✓ to realise the overall mission of the business.✓ (3)
- 3.2.2
- Two or more production branches in the farming industries are used.
 - It is used 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 total collapse of the farming enterprise. (Any 4 × 2) (8)
- 3.2.3
- 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 his farming activities with regards to time, production and production resources when he draws up his strategic plan. (Any 4 × 2) (8)

- 3.3 3.3.1
 - What are the farmer's objectives?
 - What are the farmer's objectives to reach the strategic outcomes?
 - What are the strengths and weaknesses of the farmer?
 - What resources does the farmer have at his disposal to reach these goals?
 - What are the characteristics of the farming environment?
 - What strategic opportunities are present in the immediate environment?
 - How can the farmer exploit the opportunities through his enterprise's strengths?
 - To what extent will the strategy be adapted to exploit these opportunities?
 - How will the new strategy be implemented?
 - What control measures can be put in place to better the chances of success? (10)
- 3.3.2
 - Managerial competencies
 - Objectives of the farmer
 - Personal preference
 - Available physical resources
 - Availability of the markets (5)
- [40]**

QUESTION 4

- 4.1
- Usufruct entails that a beneficiary will have rights to use a particular property for a certain period.
 - This person has the right to take ownership of the assets as long as the rights exist.
 - Usufruct is a personal right that cannot be transferred to someone else although it can be leased through a lease agreement.
 - A value may be attached to this right which is 12% of the market value times a given factor.
 - As the value of the usufruct diminishes the actual value of the property right increases again.
 - An example: A testator bequeaths his farm to his son and requests his wife to use the farm which will be handed over to the son at a later stage. (8)
- 4.2
- The will must be signed in full at the end of the document.
 - The undersigning of the will must take place in the presence of at least two qualified witnesses.
 - The witnesses must sign the will in the presence of the testator or the person who signs on behalf of the testator.
 - When the will is composed of more than one page, every single page must be signed by both parties. (4 × 2) (8)
- 4.3
- 4.3.1 Master of the Supreme Court (2)
- 4.3.2
- Notice of death
 - Death certificate
 - Identity document
 - Provisional inventory of the deceased's assets
 - Last testament (5)
- 4.3.3
- Take all the assets of the estate in his 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)
- 4.3.4 An executor does not have to provide the Master of the Supreme Court security for the value of the estate only when the will does not include that obligation. (1)
- 4.4
- How the capital assets of the trust will be divided amongst the beneficiaries
 - What the duration of the trust will be and under what conditions it will be dissolved
 - What the powers and authorities of the administrators are
 - How the income of the trust will be managed to provide sufficient funds to the surviving spouse
 - Circumstance under which the administrator will terminate his/her duties
 - What the remuneration of the administrator will be (6 × 2) (12)

QUESTION 5

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|-----|-------|--|--------------|
| 5.1 | 5.1.1 | <ul style="list-style-type: none"> The child policy may only include life coverage once the child reaches the age of 14 years Some policies, however, may include the child policy from inception without proving health and medical conditions Total premiums of policies for children under the age of 14 together with the other pure endowment policies of the family may not exceed a specified amount per annum | (3) |
| | 5.1.2 | <ul style="list-style-type: none"> 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.✓ | (2 × 2) (4) |
| | 5.1.3 | <ul style="list-style-type: none"> The insured amount is payable after the lapse of the predetermined term which is the so called pay-out date✓ or by early death of the insured.✓ The end of the term is in most cases at the age of 60 or 65 years✓ or at the date when the insured dies prior to the retirement date.✓ These policies are also offered with or without any profit sharing✓ | (5) |
| 5.2 | 5.2.1 | Harvest insurance covers the farmer against unforeseen losses suffered due to weather conditions.✓ It includes drought, hail, floods, snow, thunder and lightning.✓ It also includes losses due to plant diseases✓ and pests, fire damage and earthquakes.✓ | (4) |
| | 5.2.2 | Harvest insurance does not cover the farmer against losses caused by negligence,✓ poor cultivation practices✓ and theft of crops.✓ | (3) |
| | 5.2.3 | Premiums are usually calculated per hectare✓ as well as crop value.✓ Premiums are also determined by risk based on historical losses in the area and the amount invested per hectare.✓ | (3) |
| 5.3 | 5.3.1 | Compensation | |
| | 5.3.2 | Security | |
| | 5.3.3 | Compensation | |
| | 5.3.4 | Security | |
| | 5.3.5 | Security | |
| | | | (5 × 2) (10) |
| 5.4 | | <ul style="list-style-type: none"> What are the possibilities that a certain kind of loss will occur? What will the extent of the loss be? How can insurance be utilised to protect the farmer against loss? What will the cost of such insurance coverage be? | (4 × 2) (8) |

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TOTAL: 200