higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

# MARKING GUIDELINE

## NATIONAL CERTIFICATE

## NOVEMBER EXAMINATION

## MANAGEMENT: FARMING N5

## 27 NOVEMBER 2014

**This marking guideline consists of 6 pages.**

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## SECTION A

## QUESTION 1

1.1
- Freedom to utilise opportunities that exist in the business
- Flexibility of the enterprise
- Management of the enterprise
- Opportunities within the enterprise to be creative
- In the position to work independently
- Chance to take risks within the enterprise (Any 5 x 2) (10)

1.2 **Combine the factors of production**
Choice and combination

**Determine compensation for production factors**
Put a rand value on production factors

**Plan the undertaking**
Different functional management facets (production, finances, marketing, personnel)

**Taking risks**
Decisions with uncertain future

**Expand undertaking**
Growth and progress (5 x 2) (10)

1.3
1.3.1 A
1.3.2 D
1.3.3 E
1.3.4 B
1.3.5 F (5 x 2) (10)

1.4
- Keep financial statements for tax purposes
- To measure the undertaking's success
- To track down problems
- Maintaining control
- Cash-flow problems:

⇒ Not enough cash to meet responsibilities
⇒ Mainly caused by poor cash-flow management

- Insufficient financial control

⇒ Inability to estimate inflation
⇒ Poor control over unnecessary expenditures

(10)
**[40]**

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## QUESTION 2

2.1 2.1.1
- Name of the partnership
- Names of the partners
- Nature and duration of the partnership
- Capital contribution of each partner
- Obligations of each partner
- Distribution of profits and losses
- Selling the enterprise after dissolution (Any 6 x 1) (6)

2.1.2
- Mutual agreement
- Expiration of a stipulated term
- Change in membership
- Insolvency of a partner (4)

2.2
- Simple to set up/few regulations with regard to management
- Owner makes all decisions
- Owner gets all profits
- Intensive interest in the business by the owner
- Taxed only on personal income of owner
- Undertaking easily dissolved (Any 5 x 2) (10)

2.3 2.3.1 Contractual trust
Testamentary trust (2)

2.3.2
- Trust assets with care and skill
- Maintain good faith towards beneficiaries
- Keep records and report
- Keep trust assets separately from own assets (4 x 2) (8)

2.4
- Seed cultivars
- Type and quantity of fertilizer
- Plant density
- Pest and weed control
- Plant- and harvest dates
- Cultivation practices (Any 5 x 2) (10)

**[40]**

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## QUESTION 3

3.1
- 3–10 years of longer
- Focus on the whole undertaking
- Future-directed and take notice of environmental changes
- Continuous adaption to environment
- Not in detail, broad general guidelines
- Management tries to direct resources and ability towards opportunities and risks – profitable

(8)

3.2
- What are the farmer's future objectives?
- What are the farmer's current objectives and strategies?
- What are the farmer's strengths and weaknesses?
- What resources are at the farmer's disposal?
- What is typical of the environment?
- Strategic opportunities in the environment
- How can the opportunities be exploited?
- How should the current strategy be changed to exploit the opportunities?
- How do you implement the new strategy?
- What control measures to assure success? (10 x 2) (20)

3.3 Production uncertainty
Fluctuating yields due to weather, pests, diseases, etc.

Price uncertainty
Prices of inputs, demand and supply

Aging
Alteration on buildings, new machinery, etc.

Political and social uncertainty
Changes and legislation

Human uncertainty
Changes in objectives, health and behaviour of personnel

Financial uncertainty
Cost of borrowed capital

Mechanical uncertainty
Machines break down

Losses/damage uncertainty
Buildings, machines, harvests, animals due to fire, wind, weather, theft

(Any 6 x 2) (12)
**[40]**

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## QUESTION 4

4.1
4.1.1 Intestate
4.1.2 Codicil
4.1.3 Legatee
4.1.4 Modal clause
4.1.5 Collate (5 x 2) (10)

4.2
4.2.1 The testator nominates alternative heirs, in case the first inheritor is already deceased on the day he/she has to receive the inheritance.

4.2.2 The allocation of a right to a thing to one person, subject to the stipulation that the right must be transferred to another person in the case of a specific event.

4.2.3 Consists of fixed payments on a regular basis by a specific person or source to a beneficiary.

4.2.4 A person nominated by the Master to administer an estate.

4.2.5 Testator and his spouse determine in a single testimony that their separate estates be combined in the event of death of the first deceased and that the estate will be inherited as a unit. (5 x 3) (15)

4.3
- Must provide the surviving spouse with sufficient income
- Must ensure the continuity of the enterprise
- Must divide the assets fairly
- Must save income- and estate taxes
- Let the testator keep control over his assets while he lives
- Must not cause a delay or high costs in the administration of the estate
- Simple and easy to understand
- Must be kept up to date (Any 5 x 2) (10)

4.4
- The testator does not bequeath full right of ownership to one person
- Usufruit in favour of a third person
- For a certain period or as long as the person lives
- The user of the fruit takes the thing into control
- Can use the fruit thereof as long as the agreement exist
- This is a personal right, cannot be transferred
- Must maintain the thing (5)

**[40]**

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## QUESTION 5

| | | | | |
|---|---|---|---|---|
| 5.1 | 5.1.1 | True | | |
| | 5.1.2 | False | | |
| | 5.1.3 | False | | |
| | 5.1.4 | False | | |
| | 5.1.5 | True | (5 x 2) | (10) |
| 5.2 | 5.2.1 | Entrenched policy | | |
| | 5.2.2 | Whole-life policy | | |
| | 5.2.3 | Pure endowment policy | | |
| | 5.2.4 | Term policy | | |
| | 5.2.5 | Endowment policy with life cover | (5 x 2) | (10) |

5.3
- Premiums to a certain amount deductible from income
- Yield partly taxable
- Yield in the form of a cash single payment and yearly or monthly pension
- Single amount, to a certain maximum, tax free
- The pension is taxable
- Not redeemable
- Not ceded
- Cannot be claimed in event of insolvency
- Not to be drawn before 55 (10)

5.4 5.4.1
- Losses because of weather conditions
- Droughts, flood, hail, wind, hail, wind, frost, snow, lightning
- Plant diseases, pests
- Damages by game, fire, earthquakes (4)

5.4.2
- Negligence
- Poor cultivation practices
- Theft (3)

5.4.3
- Grade of risk (historical records)
- Capital investment per hectare
- Premiums calculated per hectare of crop (3)

**[40]**

**TOTAL: 200**

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