higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N5

15 NOVEMBER 2018

This marking guideline consists of 8 pages.

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SECTION A

QUESTION 1

1.1 A
1.2 C
1.3 B
1.4 A
1.5 D
1.6 C
1.7 D
1.8 B
1.9 C
1.10 A

(10 × 1) **[10]**

QUESTION 2

2.1 False
2.2 False
2.3 True
2.4 True
2.5 False
2.6 True
2.7 True
2.8 True
2.9 True
2.10 False

(10 × 1) **[10]**

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QUESTION 3

3.1	3.1.1	E		
	3.1.2	D		
	3.1.3	C		
	3.1.4	F		
	3.1.5	A		
			(5 × 1)	(5)
3.2	3.2.1	Sole proprietorship		(1)
	3.2.2	• Memorandum of Association • Memorandum of Incorporation		(4)
	3.2.3	Memorandum of Incorporation		(2)
	3.2.4	• Transfers are simplified • Continuity is simplified • Limited liability • Estate taxation benefits • Possible increase in efficiency	(4 × 2)	(8)
				[20]
			TOTAL SECTION A:	**40**

SECTION B

QUESTION 4

4.1	4.1.1	A – Creation of an organisation B – Economic innovation C – Profit seeking in the market-focused sector	(3 × 2)	(6)
	4.1.2	• Creating new products • Introducing new production methods • Entering new markets • Acquiring new stock resources • Industrial re-organisation		(5)
4.2	4.2.1	Uncontrollable		
	4.2.2	Controllable		
	4.2.3	Controllable		
	4.2.4	Controllable		
	4.2.5	Uncontrollable		
			(5 × 2)	(10)

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4.3 Combine factors of production

- Any business enterprise is a creative activity where different factors of production are applied to deliver the end result.

Determine rewards for factors of production

- It is the responsibility of the entrepreneur to determine the rand values of the different factors of production.

Planning the organisation

- The entrepreneur is responsible for the planning of the different management facets, i.e finance, marketing, human resources, and production.

Risk taking

- The willingness to take risk is one of the outstanding characteristics of an entrepreneur.

Expansion of business

- The entrepreneur is responsible for the expansion and progress in the business. (10)

4.4

- Motivate to achieve
- Positive self-image
- Acceptance of risk
- Ingenuity
- Pursuit of independence
- Intelligence and formal education (Any 5 × 1) (5)

4.5

- Weak marketing
- Unattractive products
- Low quality
- High prices
- Wrong selling forecasts (4 × 1) (4)

[40]

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QUESTION 5

5.1.
- Implement big wide ranging decisions as smaller steps.
- Calculate the cash flow against a range of price.
- Keep cash flow and financial records.
- Arrange for repayment of long-term financial loans.
- Maintain a sound financial position
- Keep a credit or cash reserve equal to the amount needed
- Diversify production
- Use low investment production systems
- Limit production risks.
- Buy a wide-ranging insurance policy.
- Continually keep machinery and equipment in a good condition.

(Any 8 × 1) (8)

5.2 Technological developments.✓
- Continuous developments by the government,✓ industry and farmers in new seed cultivars, herbicides and pesticides.✓

Economic changes✓
- The demand of agricultural produce,✓ the local and international supply of goods, price fluctuations in input cost, interest rates of financing and inflation rate that requires price changes.✓

Political changes✓
- The legislation, land restoration policies, political policies regarding the demand for agricultural produce.✓✓

Social changes✓
- Changes in the behaviour and composition of the population or community that influence the farmer are:✓ increase or decrease in population numbers.✓ (12)

5.3
- Increased manpower efficiency due to a better layout of the building.
- Later additions to the building might be more effective.
- A new and possibly better site
- Lower maintenance and repair costs.
- A better general appearance. (5)

5.4
- Choice of crops
- Production system used
- Level of technical competencies
- Extent of production
- Input cost
- Output (Any 5 × 1) (5)

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5.5
- What are the farmer's future objectives?
- What are the farmer's strengths and weakness?
- What resources does the farmer have at his disposal o reach these objectives?
- What are the characteristics of the farming environment?
- What strategic opportunities are present in the immediate environment?
- How can the farmer exploit these opportunities through his enterprise strength?
- 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? (Any 5 × 2) (10)

[40]

QUESTION 6

6.1
6.1.1 Legate
6.1.2 substitution
6.1.3 Intestate
6.1.4 Codicil
6.1.5 Modus
6.1.6 R600 000

(6 × 2) (12)

6.2
- Testator does not bequeath full right of ownership to a person
- Subjected to usufruct in favour of third person
- For a period of as long as the person is alive.
- Usufructuary has the right to take the matter into possession.
- Can enjoy the fruit thereof
- Farm provides in the maintenance of the spouse
- Personal right
- Cannot transfer the right
- Must keep the matter (farm) in the same condition
- Separate value is placed on usufruct
- 12% of market value x certain factor (Any 8 × 1) (8)

6.3
- Signed by testator/testatrix✓
- If testator only made a mark✓ or signed by someone else/certificate of magistrate,✓ justice of the peace, commissioner of oaths or notary.✓
- Two or more witnesses present✓
- Not advantages received/at least 14 years old.✓
- Witnesses must also sign.✓
- In the presence of testator/testatrix
- Each page must be signed✓
- The same way✓
- Later cancellations, additions, changes must comply with the same requirements.✓ (10)

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6.4 6.4.1 Master of the Supreme Court (1)

6.4.2
- Notice of death
- Death certificate
- Identity document
- Provisional inventory
- Will (5)

6.4.3
- Intermediate curator to save-keep assets
- The master appoints an executor
- Save-keep estate assets
- Recover debts against it
- Pay obligations
- See to it that a proper division is done (4)

[40]

QUESTION 7

7.1 7.1.1
- Short-term insurance
- Possible losses
- Placed in the same position
- Remunerated for actual losses
- Insured for the full value (5)

7.1.2
- Long-term insurance
- Definite event
- Time of event
- Give security to dependants
- Make provision for future (5)

7.2 7.2.1 The insured amount is only paid when the insured dies.

7.2.2 This insurance is mostly taken out where the need of the insured is of temporary nature.

7.2.3 This is a life policy with which a declining term cover policy is incorporated.

7.2.4 This is a policy where the insured amount, plus bonuses, where life cover is not included, is only paid out after the stipulated period.

7.2.5 The insured amount is paid out at the expiry of a predetermined period or at the early of the insured.

(5 × 3) (15)

7.3
- These policies differ from ordinary policies.
- 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 an early death of the insured, all payments contributed to the fund plus the percentage compound interest.
- One third of the remainder is tax exempted.
- The total yield is payable in the form of a single cash amount.
- The single cash amount is tax-exempt to a certain amount.
- The balance is payable in the form of an annuity.
- Retirement annuities are aimed at private businesses, farmers and professional persons (10)

7.4 7.4.1 Pay-out✓ = $\frac{600\,000 \times 50\,000}{900\,000}$✓

= 33 333,33✓ (4)

7.4.2 Under insurance (1)
[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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