



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N5

29 MAY 2019

This marking guideline consists of 7 pages.

SECTION A**QUESTION 1**

1.1	1.1.1	B	(10 × 2)	(20)
	1.1.2	B		
	1.1.3	C		
	1.1.4	D		
	1.1.5	A		
	1.1.6	A		
	1.1.7	C		
	1.1.8	B		
	1.1.9	B		
	1.1.10	A		
1.2	1.2.1	True	(5 × 2)	(10)
	1.2.2	False		
	1.2.3	True		
	1.2.4	True		
	1.2.5	True		
1.3	1.3.1	Consumer	(10 × 1)	(10) [40]
	1.3.2	Retailer		
	1.3.3	Consumer		
	1.3.4	Producer		
	1.3.5	Wholesaler		
	1.3.6	Retailer		
	1.3.7	Agent		
	1.3.8	Retailer		
	1.3.9	Agent		
	1.3.10	Wholesaler		

QUESTION 2

- 2.1
- Combining factors of production
Business enterprise is creative activity applying different production factors to deliver end result
 - Determining rewards for factors of production
Determines the rand value of different production factors used during the production process
 - Organisational planning
Consists of different functional management facets
 - Risk taking
Entrepreneur must be willing to take risks in implementing decisions although the outcome is not known and uncertain
 - Expansion of business
Responsible for expansion and progress in business (5 × 2) (10)
- 2.2
- Creating new products
 - Introducing new production methods
 - Entering new markets
 - Acquiring new stock resources
 - Industrial reorganisation (5)
- 2.3
- Easy to establish
 - All profits belong to owner
 - Success of business depends on owner
 - Business only taxed in hands of owner
 - Termination relatively easy (5)
- 2.4
- It is easy and affordable to establish a partnership.
 - Partnerships are taxed individually according to their respective shares in the profits of the company.
 - The management and control of partnerships are not regulated by legislation.
 - It offers the advantage that more than one person can put together the finance and other assets to target a mutual objective.
 - Partners usually have a personal interest in the success of the business.
 - Dissolution of a partnership is relatively easy. (5)
- 2.5
- Private company
 - Public company (2)
- 2.6
- Memorandum of Association
 - Memorandum of Incorporation (2)

- 2.7
- A trust is established by means of a will or a contract
 - The trustees control the assets according to the requirements of the contract on behalf of the beneficiaries.
 - The inter vivos trust comes into being when a contract is signed and accepted by all trustees. (3 × 2) (6)
- 2.8
- Relatively few statutory prescriptions with regard to establishing the business
 - Created according to needs of founder
 - Founder can lay down guidelines for management of trust
 - Better taxation advantages than companies and closed corporations
 - No legal person (entity), only separated assets of trust exposed to risk of possible failure
 - No limit on duration of trust (Any 5 × 1) (5)
- [40]**

QUESTION 3

- 3.1
- 3.1.1 Long-term planning focused on development of broad long-term plan to realise overall mission of business (3)
- 3.1.2
- Timeframe of 3 to 10 years and even longer
 - Centred on all aspects of entire business
 - Focused on future and all possible environmental changes
 - Continued adaptation to environment
 - Broad general guidelines of business
 - Resources and expertise of farming concern focused on possible opportunities (Any 5 × 1) (5)
- 3.1.3
- Two or more production branches in farming industry
 - Utilised to avoid price and yield uncertainties of single product
 - Different products subjected to different price tendencies
 - Combination of production branches contributing more stable income
 - Eliminating failure or setback in one production branch leading to total collapse of farming enterprise (5 × 2) (10)
- 3.1.4
- Identifying resource with greatest limitation
 - Planning sourcing of scarce factors
 - Planning branches to need only small quantities (3)
- 3.2
- Choice of crops
 - Production system used
 - Level of technical competencies
 - Extent of production
 - Input cost
 - Output (Any 5 × 1) (5)

- 3.3
- The environment changes continuously.
 - Factors in the environment may be a threat to the objectives and strategy of the farming concern.
 - Determining factors in the environment offers opportunities.
 - Bigger chance of success when the environment is analysed systematically. (4 × 2) (8)
- 3.4
- Production
 - Price
 - Ageing
 - Politics
 - Humans
 - Finances
 - Mechanical
 - Nature and human intervention (Any 6 × 1) (6)
- [40]**

QUESTION 4

- 4.1 4.1.1 Master of the Supreme Court (1)
- 4.1.2
- Notice of death
 - Identity document
 - Death certificate
 - Provisional inventory of the assets of the deceased
 - Next of kin (5)
- 4.1.3
- Safekeeping of assets by intermediate curator
 - Appointing an executor
 - Recovering debts
 - Paying obligations
 - Seeing to proper division being done (Any 4 × 1) (4)
- 4.2 4.2.1
- Contractual trust
 - Testamentary trust (2 × 1) (4)
- 4.2.2
- Handling trust assets with caution and skill
 - Keeping good faith with beneficiaries
 - Keeping proper record and reporting to beneficiaries
 - Keeping trust assets separate from personal assets (4)

- 4.2.3
- Managed minor's inheritance
 - Funds of minors managed by competent people
 - Experts involved in management of assets and investment of cash funds from estate
 - Continuation of farming business secured
 - Flexibility in the final division of assets
 - Saving of income tax and estate tax/duties
- (6)
- 4.3
- Used instead of transferring ownership of entire property
 - Utilising the asset to his/her own advantage as long as right exists
 - Right cannot be transferred to someone else
 - Value of usufruct at given time for bequest and gift taxation purposes is equal to 12% of market value of property
 - Depends on age of usufruct at the time
- (Any 4 × 2) (8)
- 4.4
- Must be signed in full at end of document by testator/testatrix
 - When testator cannot write someone else must sign the will on his/her behalf
 - Accompanied by certificate from magistrate, justice of the peace, commissioner of oath or notary
 - Must be signed in presence of at least TWO valid witnesses
 - Witnesses must sign will in presence of testator or person who signs on behalf of testator
 - ALL pages must be signed in full by all parties
- (Any 4 × 2) (8)
- [40]**

QUESTION 5

- 5.1 5.1.1 The premiums are tax deductible from income to a maximum amount. (2)
- 5.1.2
- May not be bought off
 - May not be assigned to anybody
 - Creditor cannot claim in case of insolvency
 - Suitable for people who are not members of a pension fund
- (6)
- 5.1.3 From the age of 55 (2)
- 5.2 5.2.1 Endowment policy with life coverage
- 5.2.2 Whole life assurance
- 5.2.3 Entrenched policy
- 5.2.4 Pure endowment policy
- 5.2.5 Term policy
- (5 × 2) (10)

5.3	5.3.1	<ul style="list-style-type: none"> • Losses due to weather conditions such as droughts, floods, hail, wind, frost, snow, thunder and lightning✓✓ • Losses due to plant diseases✓ • Damage caused by wild animals, fire and earthquakes✓ 	(4)
	5.3.2	<ul style="list-style-type: none"> • Damage caused by negligence • Poor cultivation practices • Theft of crops 	(3)
	5.3.3	<ul style="list-style-type: none"> • According to level of risk based on historical losses in the area • Amount of capital investment per hectare for that crop • Potential value of the crop 	(3)
5.4	5.4.1	<ul style="list-style-type: none"> • Regarded as long-term insurance • Aimed at coverage against definite occurrence such as death or reaching specific age • Provision made for payment of specified amount • Aimed at providing security for future of dependants • Provides compensation for actual losses suffered by insured (Any 4 + 1 applicable example) 	(5)
	5.4.2	<ul style="list-style-type: none"> • Regarded as short-term insurance • Insurer undertakes to restore insured to the same financial position • Insured is compensated for actual loss suffered • Insured assets must be insured for full value • Maximum amount may never exceed insured amount (Any 4 + 1 applicable example) 	(5)
TOTAL:			200

[40]