



# higher education & training

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Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

**N1050(E)(M29)H**

**NATIONAL CERTIFICATE**

**MANAGEMENT: FARMING N5**

(4090555)

**29 May 2019 (X-Paper)**  
**09:00–12:00**

**This question paper consists of 8 pages.**


**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**REPUBLIC OF SOUTH AFRICA**  
NATIONAL CERTIFICATE  
MANAGEMENT: FARMING N5  
TIME: 3 HOURS  
MARKS: 200

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**INSTRUCTIONS AND INFORMATION**

1. Answer ALL the questions.
  2. Read ALL the questions carefully.
  3. Number the answers according to the numbering system used in this question paper.
  4. Write neatly and legibly.
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**QUESTION 1**

1.1 Various options are given as possible answers to the following statements. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK. 

1.1.1 A person who creates a new business in the face of risk and uncertainties for the purpose of achieving profit:

- A Organisation
- B Entrepreneur
- C Partnership
- D Insurance

1.1.2 Form of ownership in which an individual owns ALL assets in the business:

- A Partnership
- B Sole proprietorship
- C Closed corporation
- D Company

1.1.3 The abbreviation CC together with the registration number can be used in a ... form of ownership.




- A partnership
- B private company
- C closed corporation
- D sole proprietor

1.1.4 Development of a broad long-term plan to realise the overall mission of the business:

- A Operational planning
- B Replanning
- C Tactical planning
- D Strategic planning

1.1.5 Indicates adequate information about possible results so that the expectation can be based on statistical probabilities:

- A Risk
- B Uncertainties
- C Statistics 
- D Estimation

1.1.6 Happens when a person does not have a legal will at the time of death:



- A Intestate succession
- B Testate succession
- C Legatee
- D Codicil

1.1.7 The right to a property or asset which is assigned to a person subjected to the stipulation that it must be transferred to that person in a specific event:

- A Annuities
- B Collation
- C Fideicommissum
- D Usufruct

1.1.8 Arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness or death in return for payment of a specified premium:

- A Entrepreneur
- B Insurance
- C Farm planning
- D Strategic planning



1.1.9 Policy differing from ordinary policies in that the premiums are tax deductible from income to a maximum amount:


- A Retrenchment insurance
- B Retirement annuity
- C Entrenched policy
- D Endowment policy

1.1.10 Person who receives a specific asset described in a will:



- A Legatee
- B Heir
- C Conditional bequests
- D Substitution

(10 × 2) (20)


1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.2.1–1.2.5) in the ANSWER BOOK. 

1.2.1 Witnesses must sign a will in the presence of the testator or the person who signs on behalf of the testator.

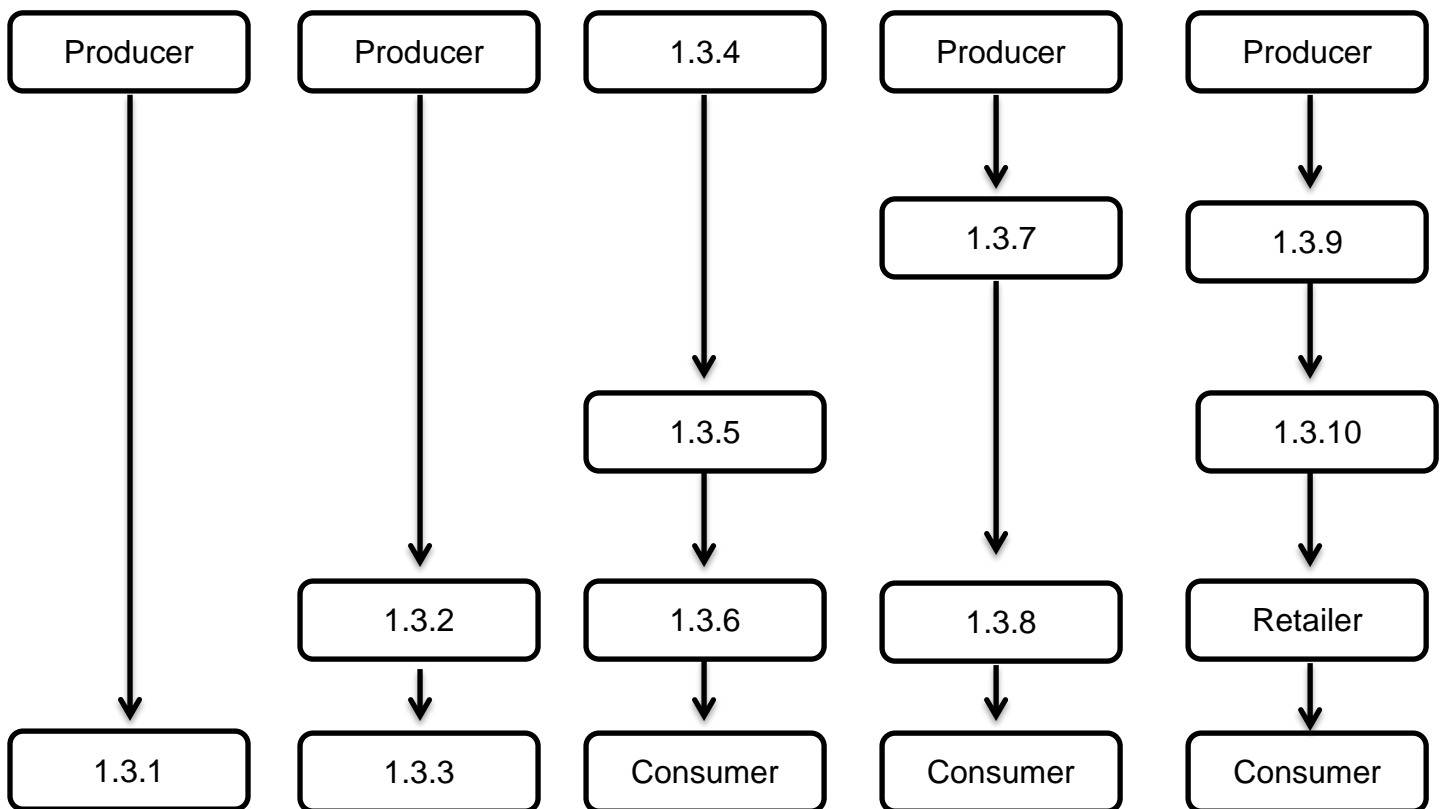
1.2.2 Endowment policies with life coverage ensure that the insured amount, plus bonuses, excluding any life coverage, are payable after the lapse of a specified term.

1.2.3 Diversification means the specific farming industry has TWO or more production branches.

1.2.4 Uncertainties indicate imperfect or inadequate knowledge about the results of a certain action.


 1.2.5 The compensation principle is applicable to short-term insurance. (5 × 2) (10)

1.3 Study the marketing channels below and fill in the missing word or words. Write only the word or words next to the question number (1.3.1–1.3.10) in the ANSWER BOOK.





 (10 × 1) (10)  
[40]



**QUESTION 2**

- 2.1 Briefly explain FIVE functions of an entrepreneur in the production process. (5 × 2) (10)
- 2.2 To be innovative an undertaking must comply with at least one of FIVE criteria.  
 State these FIVE criteria. (5)
- 2.3 State FIVE advantages of a sole trader. (5)
- 2.4 State FIVE advantages of partnerships. (5)
- 2.5 Name TWO kinds of companies classified in terms of the Companies Act. (2)
- 2.6 State TWO documents required during the establishment of a company. (2)
- 2.7 Briefly explain THREE steps in the establishment and administrative considerations of a business trust. (3 × 2) (6)
- 2.8 Name FIVE advantages of a business trust. (5)
- [40]**


**QUESTION 3**

- 3.1 Strategic planning forms the foundation of a farming business and must adapt to the changing environment. 
- 3.1.1 Define *strategic planning*. (3)
- 3.1.2 Name FIVE advantages of strategic planning. (5)
- 3.1.3 Explain *diversification* as a strategy normally used in agriculture. (10)
- 3.1.4 State THREE needs that should be considered by a farmer in a strategic planning process. (3)
- 3.2 Name FIVE factors that influence the profitability of crop branching. (5)
- 3.3 State FOUR reasons why an environmental analysis is important when doing a strategic planning.  (4 × 2) (8)
- 3.4 Name SIX sources of risk and uncertainties in the farming environment. (6)
- [40]**

**QUESTION 4**

- 4.1 Answer the questions below on administering an estate. 
- 4.1.1 Who is in control of administering an estate? (1)
- 4.1.2 Which documents must be submitted to the magistrate's office within 14 days of the death of someone? (5)
- 4.1.3 State FOUR duties of the executor of an estate. (4)
- 4.2 Answer the questions in connection with a trust as a form of enterprise.
- 4.2.1 Name the TWO kinds of trusts for which the South African law provides and explain each one. (4)
- 4.2.2 List any FOUR obligations of the trustees of a trust. (4)
-  4.2.3 State any SIX advantages of a testamentary trust. (6)
- 4.3 Explain FOUR characteristics of usufruct. (8)
- 4.4 Discuss the prerequisites of a valid will. (8)
- [40]**

**QUESTION 5**

- 5.1 Answer the questions with reference to retirement annuities:
- 5.1.1 How does taxation of retirement annuities differ from those of ordinary policies with regard to premiums? (2)
- 5.1.2 State any THREE other attributes which differentiate retirement annuities from ordinary insurance. (6)
- 5.1.3 At what age may the returns of retirement annuity policies be withdrawn?  (2)
- 5.2 Identify each of the policies below by writing the answer next to the question number (5.2.1–5.2.5) in the ANSWER BOOK.
- 5.2.1 Insured amount paid out on expiry of predetermined period or early death of the insured
- 5.2.2 Insured amount only paid on death of insured
- 5.2.3 Life policy in which a declining term cover is incorporated

5.2.4	Insured amount plus bonuses, where life cover is not included, only paid out after stipulated time		
5.2.5	Mostly taken out when need of insured is temporary	(5 × 2)	(10)
5.3	Write explanatory notes on harvest insurance under each of the following headings:		
5.3.1	What is covered?		(4)
5.3.2	What is not covered?		(3)
5.3.3	How are the premiums determined and calculated?		(3)
5.4	Explain the following TWO insurance principles and illustrate each with a suitable example:		
5.4.1	Indemnity		(5)
5.4.2	Compensation		(5)
		<b>TOTAL:</b>	<b>200</b>