



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE MANAGEMENT: FARMING N5

(4090555)

**27 May 2021 (X-paper)
09:00–12:00**

This question paper consists of 7 pages.

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


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. Use only a black or blue pen.
 5. Write neatly and legibly.
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QUESTION 1

1.1 Various options are given as possible answers to the following questions. 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 membership that varies between two and twenty natural persons is a ...

- A sole proprietorship.
- B partnership.
- C close corporation.
- D trust. 


1.1.2 In a ... the articles of association contains the rules and regulations for the management of the undertaking.

- A close corporation
- B company
- C trust
- D cooperative

1.1.3 When a trust is declared insolvent ... have the advantage of limited liability.




- A only the trustees and the founder
- B only the founder and the beneficiaries 
- C the beneficiaries, trustees and founder
- D only the trustees


1.1.4 In a ... the founding document of the undertaking consists of a founding declaration and an optional collaboration agreement.

- A company
- B close corporation
- C trust
- D partnership 



1.1.5 Which ONE of the following statements is correct?

- A A close corporation may under certain circumstances buy its members interests.
- B A close corporation may not obtain shares in a company.
- C A company may obtain a member's interest in a close corporation.
- D A close corporation has no legal personality.



- 1.1.6 Although a ... has no legal personality, only separated assets are exposed to failure. 
- A sole proprietorship
B partnership
C close corporation
D company
- 1.1.7 The owner of a ... has unlimited liability for the debts.
- A partnership
B close corporation
C sole proprietor
D company
- 1.1.8 The ... is the basic document when a close corporation is founded.
- A cooperation agreement
B founding document
C memorandum of association
D articles of association
- 1.1.9 The members of a close corporation vary between ... natural persons.
- A 2 and 20
B 1 and 50 
C 1 and 10
D 2 and 30
- 1.1.10 Members of a ... are jointly and separately liable for debts.
- A trust
B company
C sole proprietor
D partnership
- (10 × 1) (10)
- 1.2 Partnerships are one of the oldest forms of ownership where each partner contributes something towards the business.
- 1.2.1 Why does each partner contribute something towards the partnership?  (2)
- 1.2.2 State THREE unique requirements that distinguish partnerships from other forms of ownership according to common law. (3 × 2) (6)
- 1.2.3 State FOUR situations in which a partnership can be dissolved. (4)
- 1.2.4 State FIVE advantages of a partnership. (5)

- 1.3 The following questions apply to companies:
- 1.3.1 Name TWO documents that are required when establishing a company.  (2)
- 1.3.2 Name TWO kinds of companies in terms of the Companies Act. (2)
- 1.3.3 State FIVE advantages of companies. (5)
- 1.3.4 Briefly explain the *taxation of companies*. (4)
- [40]**


QUESTION 2

- 2.1 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (2.1.1–2.1.5) in the ANSWER BOOK.
- 2.1.1 Economic innovation refers to the WHAT of entrepreneurship.
- 2.1.2 The word *entrepreneur* is used freely in the business sector to describe a small business person or enterprise. 
- 2.1.3 Creation of an organisation refers to the WHAT of entrepreneurship.
- 2.1.4 Social threats like unemployment and financial instability can be effectively addressed through entrepreneurship.
- 2.1.5 Profit-seeking in the market sector is one of the dimensions of entrepreneurship. (5 × 1) (5)
- 2.2 Name and briefly explain FOUR reasons why entrepreneurship is important in the agricultural sector. (4 × 3) (12)
- 2.3 Name and explain FIVE functions of the entrepreneur in the production process.  (5 × 3) (15)
- 2.4 Name FOUR steps that are important when promoting and developing entrepreneurship. (4 × 2) (8)
- [40]**



QUESTION 3

- 3.1 A farming strategy is to focus on the development of a broad long-term plan in order to realise the mission of the farming business.
- 3.1.1 State FIVE general characteristics of a strategic plan. (5)
- 3.1.2 Discuss the advantages of strategic planning. (4)
- 3.1.3 State THREE needs that should be considered by the farmer in the strategic planning process.  (3)
- 3.1.4 Briefly explain why an environmental analysis is important when drafting a strategic plan. (4 × 2) (8)
- 3.2 Land is regarded as ONE of the production factors and therefore a farming enterprise has as its main objective, the generation a profit. It is crucial that the right kind of crop or livestock be selected that will adapt to the kind of land available.
- 3.2.1 State FIVE factors that determine the profitability of crop division. (5)
- 3.2.2 Name FIVE factors that are controlled by the farmer and have an influence on the crop yield.  (5)
- 3.3 The decision to erect a building(s) is as important as when a farmer decides on buying a tractor or other vehicle.
- 3.3.1 State FIVE advantages of a new building.
- 3.3.2 State the disadvantages of self-constructing a new building. (2 × 5) (10)
- [40]**

QUESTION 4

- 4.1 Briefly explain the steps to be followed in the administration process of the estate of the deceased. (10 × 2) (20)
- 4.2 State EIGHT guidelines for drafting a practical and effective will. (8)
- 4.3 The following questions apply to a trust: 
- 4.3.1 State FIVE reasons why a testamentary trust are used. (5)
- 4.3.2 Name FIVE persons that may act as administrators of a trust. (5)
- 4.3.3 Define the term *trust*. (2)
- [40]**

QUESTION 5

- 5.1 Differentiate between *short-term insurance* and *long-term insurance*. (10)
- 5.2 Briefly explain the following principles of insurance:
- 5.2.1 Compensation
- 5.2.2 Security  (2 × 5) (10)
- 5.3 Explain retirement annuities as commonly used by farmers. (5 × 2) (10)
- 5.4 Briefly explain *crop insurance*.  (5 × 2) (10)
- [40]**
- TOTAL: 200**