



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N5

(4090555)

11 November 2022 (X-paper)
09:00–12:00

This question paper consists of 7 pages.

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. Start each section on a new page.
 5. Use only a blue or black pen.
 6. Write neatly and legibly.
-

QUESTION 1

- 1.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.
- 1.1.1 There is a difference between a trust and other forms of ownership regarding the legal aspect of the business.
- 1.1.2 A partnership has limited continuity.
- 1.1.3 Economic innovation refers to the "HOW" of entrepreneurship.
- 1.1.4 A trust is managed by the designated trustee.
- 1.1.5 The profit of a sole trader is taxed twice. (5 × 2) (10)
- 1.2 Imagine that you are an entrepreneur who owns Middledrift farm.
- 1.2.1 Studies of entrepreneurship indicate that it is promoted by certain elements.
- Give a brief explanation of FOUR elements that you will focus on to promote entrepreneurship amongst your employees. (4 × 2) (8)
- 1.2.2 Discuss any FIVE functions that you, as an entrepreneur, would perform in the production process at Middledrift farm. (5 × 2) (10)
- 1.2.3 State TWO personal characteristics that would make you a good entrepreneur who will be able to run Middledrift farm successfully. (2)
- 1.3 Indicate whether the following statements are CONTROLLABLE or UNCONTROLLABLE. Choose the answer and write only 'Controllable' or 'Uncontrollable' next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.
- 1.3.1 Banks that offer farmers with loans increase the interest rates with 3 percentage points.
- 1.3.2 Farm workers leave the farm due to the poor communication by the farm manager.
- 1.3.3 A goat farmer experiences low sale volumes of his goats because he does not have information to market this product.
- 1.3.4 A farmer fails to secure a loan to buy a tractor because of her unsatisfactory credit record.
- 1.3.5 The government increases the minimum wage for farm workers. (5 × 2) (10)

QUESTION 2

- 2.1 Choose the forms of enterprises from COLUMN B that matches an explanation in COLUMN A. Write only the letter (A–E) next to the question number (2.1.1–2.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1.1	The collaboration agreement is used in the undertaking	A	Trust <input checked="" type="radio"/>
		B	Company
2.1.2	The Memorandum of Incorporation contains the rules and regulations for the management of the undertaking.	C	Sole proprietor
		D	Partnership
2.1.3	Membership varies between 2 and 20 natural persons.	E	Closed corporation
2.1.4	On establishing this kind of undertaking, 3 members find out that the Deed of Foundation is one of the main documents considered.		
2.1.5	Mrs. Fani decides to isolate one of her farms so that it is managed on behalf of her children.		

(5 × 2) (10)

- 2.2 Mrs. Obriel decides to make use of a business trust as a form of ownership for her business. She chooses Mr. William to act as her trustee.

2.2.1 Name the TWO main types of trusts that the South African legal system provides for. (2)

2.2.2 Mrs. Obriel decides to set up a business trust because she wishes to enjoy certain advantages. State FIVE advantages of trusts that Mrs. Obriel might have considered. (5 × 2) (10)

2.2.3 Describe FOUR obligations that Mr William has in the trust. (4 × 2) (8)

- 2.3 Before 2011 some entrepreneurs in South Africa registered their businesses as closed corporations. State FIVE advantages of closed corporations as a business enterprise. (5 × 2) (10)

[40]

QUESTION 3

- 3.1 Imagine that you are the CEO of Welly Farming Enterprise (WFE) and have developed a strategic plan for your farm.
- 3.1.1 Define strategic planning. (2)
- 3.1.2 State FIVE characteristics that are associated with the plan that you have developed for WFE. (5 × 2) (10)
- 3.1.3 Discuss FOUR advantages that the plan you have developed will have for WFE. (4 × 2) (8)
- 3.1.4 State FIVE strategies that would not necessarily improve profitability of WFE but would offer risk protection. (5 × 2) (10)
- 3.2 Name and explain any FIVE sources of risks and uncertainties in agriculture. (5 × 2) (10)
- [40]**

QUESTION 4

- 4.1 Choose a form of enterprise from COLUMN B that matches an explanation in COLUMN A. Write only the letter (A–G) next to the question number (4.1.1–4.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
4.1.1	Succession that takes place when a testator had a will that had no signatures.	A	Substitution
4.1.2	Mr. Mzamo bequests his farm to his son Luyolo, on the condition that Luyolo pays R1 000 000 to Mr Mzamo's sister, Zoleka.	B	Modus
4.1.3	Compilation of the estate	C	Intestate
4.1.4	Mr. Bob names alternative heirs in the event that the first heir no longer lives when he/she should receive the inheritance. <input type="radio"/>	D	Testate
4.1.5	A declaration or addition to Mr. Bob's will made at a later stage.	E	Codicil <input type="radio"/>
		F	Estate
		G	Inventory

(5 × 2) (10)

- 4.2 It is important that individuals should have wills that can assist in guiding the distribution of their estate when they pass on.
- 4.2.1 Imagine that Mr. Chauke is deceased and his will indicated Rose as a legatee and Molly as an heir. Differentiate between what Rose will get to what Molly will get from Mr. Chauke's estate. (4)
- 4.2.2 Describe how Mr. Chauke would have ensured that his will was legal. (8)
- 4.3 With reference to Mr. Chauke's will, describe the following terms:
- 4.3.1 Contents of his will
- 4.3.2 Executor
- 4.3.3 Consolidation of wills (3 x 3) (9)
- 4.4 Define and give an example of usufruct. (4)
- 4.5 Give FIVE reasons for the use of testamentary trusts. (5)
- [40]**

QUESTION 5

- 5.1 Discuss the nature of the following types of insurance.
- 5.1.1 Retirement annuities (5)
- 5.1.2 Comprehensive third party (5)
- 5.2 Imagine that you are an insurance agent who has to assist Mr. Toto, a farmer who is based in Limpopo. The farmer has decided to take out a harvest insurance policy. Your task is to ensure that you give Mr. Toto information regarding this type of insurance. Under the headings that are given below, discuss what your presentation to the farmer would involve.
- 5.2.1 What is covered? (4)
- 5.2.2 What is not covered? (3)
- 5.2.3 How will premiums for the insurance be determined and calculated? (3)

- 5.3 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (5.3.1–5.3.5) in the ANSWER BOOK.
- 5.3.1 The principle that applies with regard to short-term insurance is indemnity.
- 5.3.2 A person in charge of the administration of an estate is called the master of ceremonies.
- 5.3.3 If the return of short-term insurance is of capital nature, it is taxable.
- 5.3.4 A liability clause is also known as a modus.
- 5.3.5 The revealing duty refers to the income of the insured. (5 × 2) (10)
- 5.4 Identify the following life policies. Write only the name of the policy next to the question number (5.4.1–5.4.5) in the ANSWER BOOK.
- 5.4.1 The insured amount is only paid out when Mrs. Moss dies.
- 5.4.2 The insured amount is paid to Mrs. Moss after 10 years or when she dies before the 10 years have lapsed.
- 5.4.3 When the insured amount, plus bonuses, where life coverage is not included, is paid to Mrs. Moss after 10 years or when she dies before the 10 years have lapsed.
- 5.4.4 Mrs. Moss receives a combination of a whole-life policy with profit, whereby a term policy is incorporated.
- 5.4.5 An insurance that offers protection in the event that Mrs. Moss is declared medically unfit for her normal work due to an accident. (5 × 2) (10)
- TOTAL: 200**
- [40]**