higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N1040**(E)**(N15)H

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N5

(4090555)

15 November 2018 (X-Paper)
09:00–12:00

This question paper consists of 8 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. Start each section on a NEW page.
5. Use only BLUE or BLACK ink.
6. Write neatly and legibly.

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QUESTION 1

Various options are given as possible answers to the following questions. Choose the correct answer and write only the letter (A–D) next to the question number (1.1–1.10) in the ANSWER BOOK.

1.1 Animal production …

A normally requires a larger capital investment than crop production.
B cannot postpone the payment of income tax.
C provides the farmer with a weaker cash flow during the year.
D normally requires less capital investment than crop production.

1.2 Which ONE of the factors that influence farming, can be controlled by the farmer:

A Change in the economic climate
B Change in consumer behaviour
C Cash flow problems
D Labour legislation

1.3 … has to do with the farmer's ability to adapt his/her production plans.

A Specification
B Pliability
C Mechanisation
D Diversification

1.4 The member of a close corporation varies between … natural persons.

A 1 and 10
B 2 and 30
C 2 and 20
D 1 and 50

1.5 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

1.6 The … is the basic document when a close corporation is founded.

A founding document
B articles of association
C memorandum of association
D co-operation agreement

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1.7 Which ONE of the following is NOT indicated as a land characteristic in the inventory of a farm?

A Drainage
B Soil fertility
C Soil erosion
D Arable lands

1.8 Economic innovation refers to the … of entrepreneurship.

A How
B What
C Where
D When

1.9 Which ONE of the following elements will encourage entrepreneurship in a business?

A The avoidance of risks
B Firm control by management
C The opportunity to be creative
D The inflexibility of the business

1.10 Which ONE of the following statements is correct?

A A close corporation may under certain circumstances buy its member's interest.
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.

(10 × 1) **[10]**

QUESTION 2

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (2.1–2.10) in the ANSWER BOOK. Give ONE REASON for each answer.

2.1 Farming profit cannot be improved by mechanisation.

2.2 The soil proprietor is taxed independently of the owner.

2.3 The memorandum of association is the basic document when a company is founded.

2.4 The name of public company ends with Limited.

2.5 A partnership has unlimited continuity.

2.6 Intelligence and formal education are prerequisites for entrepreneurship.

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2.7 When a trust is declared insolvent, only the trustees have the advantage of limited liability.

2.8 Firm control by management will encourage entrepreneurship in a business.

2.9 Financial statements are kept mainly for tax purposes and success of the business.

2.10 A high level of efficiency will improve farming profit, but cannot decrease the risk of losses at the same time.

(10 × 1) **[10]**

QUESTION 3

3.1 Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–F) next to the question number (3.1.1–3.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1.1	Owners are called partners	A	private company
3.1.2	Separate legal personality	B	trust
3.1.3	Ownership separate from management	C	public company
		D	closed corporation
3.1.4	One owner	E	partnership
3.1.5	1 to 50 members	F	sole proprietorship

(5 × 1) (5)

3.2 A farmer, Mr Serfontein, the sole owner of the farm, decides to change the name of his farm to SERFONTEIN (Pty) Ltd in order to get his two sons involved in the farming business

3.2.1 What form of enterprise is SERFONTEIN (Pty) Ltd? (1)

3.2.2 Which TWO documents are required when SERFONTEIN (Pty) Ltd is founded? (2 × 2) (4)

3.2.3 Which ONE of these two documents contains the rules for the management of the farm? (2)

3.2.4 State FOUR advantages the owners of SERFONTEIN (Pty) Ltd can expect when this enterprise is founded. (4 × 2) (8)

[20]

TOTAL SECTION A: 40

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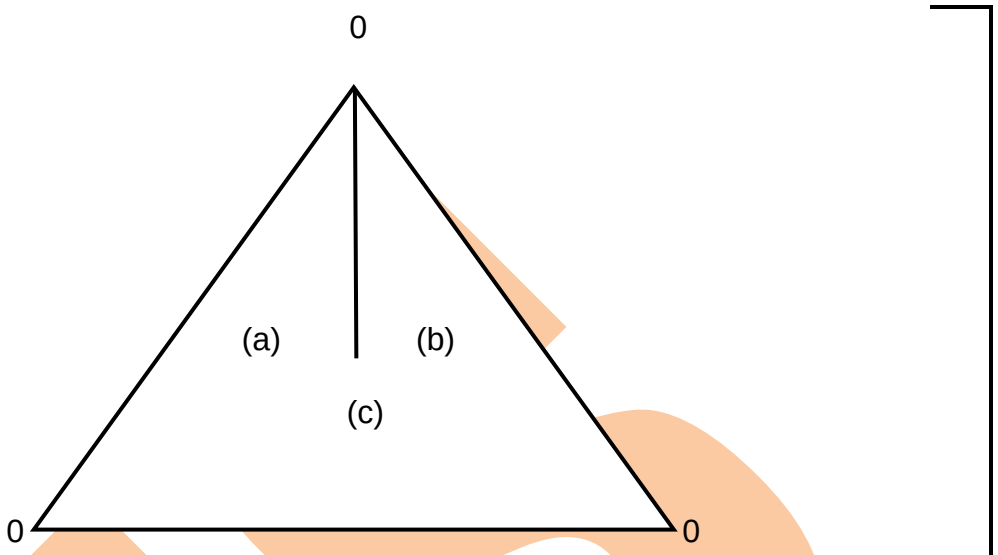
SECTION B

QUESTION 4

4.1 The diagram below gives a presentation of three dimensions into which entrepreneurial activities are divided.



4.1.1 Identify the THREE dimensions marked (a), (b) and (c). (3 × 2) (6)

4.1.2 Name FIVE criteria that an undertaking must fulfil to be innovative. (5)

4.2 Many farming undertakings fail due to certain reasons (factors). Some factors are controllable, while others are uncontrollable. Indicate in each of the following cases whether the factor is CONTROLLABLE or UNCONTROLLABLE.

4.2.1 The government sets the minimum wage for farm workers.

4.2.2 A vegetable farmer maintains low sales volumes due to his/her limited knowledge of marketing principles.

4.2.3 Farm workers leave the farm due to the farmer's decision to mechanise.

4.2.4 A farmer cannot obtain financing due to his/her unsatisfactory credit record.

4.2.5 The reserve bank increases the interest rate with two percentage points.

(5 × 2) (10)

4.3 Briefly explain FIVE functions of the entrepreneur in the production process. (10)

4.4 Name FIVE personal characteristics of good entrepreneurs. (5)

4.5 Farming fails sometimes on account of the farmer's inability to sell his/her products.

Name FOUR factors that can be attributed to low sales volume. (4)
[40]

QUESTION 5

5.1 Farmers can take steps to limit risks.

Name EIGHT risk control strategies that may be followed. (8)

5.2 Name and explain the FOUR general external factors that must be considered when a farming strategy is being planned. (12)

5.3 Name FIVE advantages for the farmer of erecting a new building in comparison with alterations to an existing building. (5)

5.4 Name FIVE factors that will influence the profitability of a crop branch. (5)

5.5 Name FIVE steps to formulate the best long-term strategy for a farming business. (5 × 2) (10)
[40]

QUESTION 6

6.1 Give the correct answer in each of the following instances.

6.1.1 A person to whom a specific asset is bequeathed in a will, is known as a …

6.1.2 The term … indicates that the testator names an alternative heir in the instances where the heir dies before he/she should receive the inheritance.

6.1.3 … hereditary succession takes place if somebody dies without a legally valid will.

6.1.4 Later statements or additions to a will is called a …

6.1.5 The term … indicates that a testator favours a person subject to that person leaving something to a third person.

6.1.6 When a farmer and the father of three sons, who married in community of property, dies without a lawful will and the value of his estate is worth R800 000, his wife will receive … as inheritance.
(6 × 2) (12)

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6.2 Explain, with the aid of an example, what *usufruct* means. (8)

6.3 Discuss the prerequisites of a legally valid will. (10)

6.4 Answer the following questions with regard to administering an estate.

6.4.1 What person is in control of administering an estate? (1)

6.4.2 Which documents must be submitted to the magistrate's office within 14 days of the death of a person? (5)

6.4.3 Name the FOUR duties of the executor in an estate. (4)
[40]

QUESTION 7

7.1 Explain the following insurance principles:

7.1.1 Indemnity

7.1.2 Security

(2 × 5) (10)

7.2 Give a brief description of each of the following insurance policies:

7.2.1 Whole-life policy

7.2.2 Term policy

7.2.3 Entrenched policy

7.2.4 Pure endowment policy

7.2.5 Pure endowment policy with life coverage

(5 × 3) (15)

7.3 Explain what retirement annuities are and discuss the principles applicable to retirement annuities. (10)

7.4 A farmer insures his/her barn full of lucerne hay for R600 000 while the value is R900 000. A fire causes damage worth R50 000.

7.4.1 What amount will be paid out to him/her by the insurance company? (4)

7.4.2 What principle is applicable in this case? (1)
[40]

TOTAL SECTION B: 160
GRAND TOTAL: 200

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