higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE (VOCATIONAL)

AGRIBUSINESS
NQF LEVEL 2

28 November 2023

This marking guideline consists of 7 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	True		
	1.1.2	True		
	1.1.3	False		
	1.1.4	True		
	1.1.5	True		
	1.1.6	False		
	1.1.7	False		
	1.1.8	False		
	1.1.9	False		
	1.1.10	True		
			(10 × 1)	(10)
1.2	1.2.1	Stop prohibition		
	1.2.2	Petty cash		
	1.2.3	Market		
	1.2.4	Profit		
	1.2.5	Grazing farming		
	1.2.6	Income statement		
	1.2.7	Capital		
	1.2.8	Owner's equity		
	1.2.9	Infrastructure		
	1.2.10	Rules		
			(10 × 1)	(10)
1.3	1.3.1	D		
	1.3.2	N		
	1.3.3	G		
	1.3.4	J		
	1.3.5	L		
	1.3.6	F		
	1.3.7	A		
	1.3.8	C		
	1.3.9	M		
	1.3.10	B		
			(10 × 1)	(10)
				[30]

TOTAL SECTION A: 30

SECTION B

QUESTION 2

2.1 2.1.1 Gross income of rice = R2 500/ton × 150 tons✓= R375 000✓
Gross income of sheep = R600/lamb × 160 lambs✓= R96 000✓
Gross income of potatoes = R2 200/ton × 40 tons✓= R88 000✓ (6)

2.1.2 Variable cost of rice = 65 000 + 20 000 + 25 000 + 15 000 + 2 500
= R127 500✓

Variable cost of sheep = 12 500 + 7 000 + 1 500
= R21 000✓

Variable cost of potatoes = 35 000 + 2 500 + 15 000 + 9 000 + 2 000
= R63 500✓ (3)

2.1.3 Gross margin = gross income – total variable cost✓
= 559 000 – 212 000✓
= R347 000✓ (3)

2.2
- Land Bank
- Provincial agricultural banks
- Commercial banks
- Co-operatives
- Processing and other companies
- General banks
- Insurance companies
- Trust companies
- Credit suppliers
- Private individuals (Any 6 × 1) (6)

2.3 2.3.1 Salvage value = R300 000 × .01 = R30 000✓

$$\text{Depreciation} = \frac{\text{Cost price – Salvage value}}{\text{Expected life}}\checkmark$$

$$= \frac{\text{R300 000 – R30 000}}{\text{5 years}}\checkmark$$

$$= \frac{\text{R270 000}}{\text{5 years}}\checkmark$$

=R54 000✓✓

2.3.2

Cost price	= R300 000
Depreciation year 1	-R30 000
Book value at end of year 1	= R246 000✓
Depreciation year 2	- R54 000
Book value at end of year 2	= R192 000✓
Depreciation year 3	-R54 000
Book value at end of year 3	= R138 000✓
Depreciation year 4	-R54 000
Book value at end of year 4	= R84 000✓
Deprecation year 5	-R54 000
Book value at end of year 5	= R30 000✓✓

OR

Book value = cost price – accumulated depreciation✓
= 300 000 – [54 000 × 5] ✓✓
= 300 000 – 270 000✓
= R30 000✓✓

(2 × 6) (12)
[30]

QUESTION 3

3.1

Current assets	**Value (R)**	**Medium-term assets**	**Value (R)**	**Fixed assets**	**Value (R)**
Cash on hand	✓10 000	Breeding stock	✓55 000	Land	✓200 000
Debtors	✓9 000	Equipment	✓55 300	Fixed improvements	✓105 500
Life insurance	✓1 200	Machinery	✓135 650		
Production inputs	✓15 000	Office furniture	✓110 550		
Citrus products	✓90 000	Vehicle	✓95 500		
Short-term investment	✓8 000				
Cash in the bank	✓63 650				
Negotiable security	1✓5 000				
Total current assets	✓211 850	Total medium-term assets	✓452 000	Total fixed assets	✓305 500
Total assets	✓969 350				

(19)

3.2 Mixed farming is the system of farming where livestock and crop production are integrated in the same farm. (2)

3.3
- Increased production
- Waste products from animals serve as manure to fertilise and improve the soil structure.
- Mixed farming provides an opportunity to use residual products from crop production as feed for the animals.
- Crop residues serve as fodder for the animals.
- Farmer can practise organic farming.
- Regular and quicker returns are obtained from various enterprises.
- Business risk due to crop failure or unfavourable market prices is reduced.
- Comparing mixed farming with concentrated farming, the risk is reduced with mixed farming and provides farmers with more income.
- Better use of resources
- Better use of land through adoption of crop rotations, steady employment of farm and family labour, and more profitable use of equipment is obtained in diversified farming (Any 4 × 1) (4)

3.4
- Local restaurant
- Spaza shops
- Hospitals
- Prisons
- Schools
- Farm gate market (Any 5 × 1) (5)

[30]

TOTAL SECTION B: 60

SECTION C

QUESTION 4

4.1 4.1.1
- Drought
- Insect infestation
- Delayed harvesting (3)

4.1.2
- Crop rotation
- Irrigation
- Timed planting and harvesting
- Use of pesticides (4)

4.2 4.2.1 Contract marketing (1)

4.2.2
- The farmer has a guaranteed volume and price for his produce before sale.
- Marketing margin could be reduced and thus the producer obtains a higher price for the product. (2 × 2) (4)

4.3 Market equilibrium is a point at which quantity✓ demanded is equal✓ to supply. (2)

4.4
- Weather/Natural factors
- Profit margin
- Price inputs/Product costs
- Technology
- Number of suppliers
- Stability of the products
- Period of production
- Challenges of increasing supply of the products
- Prices of competitors (Any 5 × 1) (5)

4.5
- Soil and crop management
- Pest management
- Nutrient management
- Water management (4)

4.6 4.6.1 Fixed costs
- Licence
- Insurance
- Depreciation of a tractor

Variable costs
- Pesticides
- Marketing costs (5)

4.6.2 R50 000 + R20 000 + R 8 000 +R5 000 + R9 000✓ = R92 000✓ (2)
[30]

QUESTION 5

5.1 5.1.1
- Petty cash should be kept in a locked drawer, file cabinet or safe, away from any other cash on hand.
- Only one person should be held responsible for the petty cash fund.
- A record of each payment from petty cash should be kept. (3 × 2) (6)

5.1.2
- Cash
- Cheque
- Expenditure (3)

5.1.3 Net income is a measurement of farm's ability to operate at a profit. (2)

5.2 5.2.1 They warn of a particular hazard or hazardous condition that is likely to be life threatening.

5.2.2 They indicate that an action or activity is not permitted, such as entry.

5.2.3 They warn of a particular hazard or hazardous condition that is not likely to be life threatening.

5.2.4 They indicate that an instruction must be carried out.

(4 × 2) (8)

5.3
- Cash method
- Accrual method (2)

5.4
- Cash accounting: Revenues are recognised when cash is received✓ and expenses are recorded when cash is paid.✓
- Accrual accounting: Revenues are recognised when earned✓ and expenses are recognised when incurred.✓ (2 × 2) (4)

5.5
- Costs are shared.
- Farmer can offer a bigger range of goods.
- Higher prices
- Larger number of products is sold
- It creates a healthy relationship between company and customers. (5)

[30]

TOTAL SECTION C: 60
GRAND TOTAL: 150

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