higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

AGRIBUSINESS
NQF LEVEL 2

(1011032)

28 November 2023 (Y-paper)
13:00–16:00

This question paper consists of 10 pages and 1 addendum.

403Q1N2328

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)
AGRIBUSINESS
NQF LEVEL 2
TIME: 3 HOURS
MARKS: 150

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 the attached ADDENDUM to answer QUESTION 3.1.
5. Use only a black or blue pen.
6. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 Agritourism is based on attracting visitors to farm operations.

1.1.2 Capital includes all the machinery, buildings, and tools that are used in the production process.

1.1.3 Degradation is a set of tools, both hardware and software, that help farmers to act and think better.

1.1.4 Medium-term capital can be used in farm production for a period of ten years.

1.1.5 A consumer is an individual who purchases and uses goods and services.

1.1.6 Risk is the possibility or probability that a farmer may make a profit on his/her farm.

1.1.7 Costs include all sales, receipts and profits recorded in the cashbook.

1.1.8 Storage risk assessment is used to record movement of stock.

1.1.9 Horizon is a group of interacting, interrelated or independent elements of the farming enterprise as a whole.

1.1.10 Revenue is an income generated by the farming operations.

(10 × 1)

1.2 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 (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 A safety sign that indicates that an action or activity is not permitted.

A Caution
B Danger
C Stop prohibition
D Mandatory

1.2.2 The small amount of cash that a business keeps to pay for minor expenses.

A Petty cash
B Profit
C Demand
D Supply

1.2.3 A place where buyers and sellers meet to exchange goods and services.

A Marketing
B Expenditure
C Market
D Condition

1.2.4 … is the excess of income over the farm expenses.

A Profit
B Expenditure
C Danger
D Fixed costs

1.2.5 … is a farming system that is based entirely on livestock production with little or no integration with crops.

A Grazing farming
B Environmental farming
C Degradation
D Mixed farming

1.2.6 … is a financial statement that shows whether a farm business has gained or lost money.

A Owner's equity
B Income statement
C Balance sheet
D Cash flow statement

1.2.7 The type of resource that the farm manager requires to purchase equipment and stock and to manage the farm efficiently is called …

A Land
B Capital
C Labour
D Entrepreneurship

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1.2.8 ... is the total value of farm assets minus farm liabilities.

A Owner's equity
B Capital
C Agent
D Income

1.2.9 … refers to the services and facilities needed for conducting daily activities of the farming business.

A Rules
B Infrastructure
C Pallets
D Regulations

1.2.10 Established statements, guidelines or regulations set up by authorities.

A Buildings
B Supply
C Pricing
D Rules

(10 × 1) (10)

1.3 Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–N) next to the question number (1.3.1−1.3.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.3.1	The study of specific economic units that make up an economic sector. It concentrates on the single unit or aggregation of units, as part of a whole.	A	demand
		B	economics
		C	fixed costs
1.3.2	Results of the combination of inputs	D	microeconomics
1.3.3	An economic system under which most products and services demanded are supplied by private firms and individuals seeking profit	E	vertical diversification
		F	labour
		G	free-market economy
1.3.4	A condition in which the average level of prices in the economy does not change or changes slowly	H	complete budget
		I	strategic management decision
1.3.5	The continuous or persistent increase in the prices of goods and services over time	J	price stability
1.3.6	Human resource used to produce goods and services in the economy	K	capital
		L	inflation
1.3.7	Number of broiler chickens desired by potential buyers	M	market
1.3.8	Costs that do not change as the magnitude and amount of the production process changes, and are incurred even when the production process is not undertaken	N	output
1.3.9	An organised place for exchange of goods and services between buyers and sellers within a specific geographic area		
1.3.10	The study of how resources are used to satisfy the needs and desires of people		

(10 × 1) (10)
[30]

TOTAL SECTION A: 30

SECTION B

QUESTION 2

2.1 Due to severe drought, Mr Malaka was only able to harvest 150 tons of rice from his 200 hectares. The selling price per ton was R2 500. Fortunately, he had a good year with his 110 ewes, which gave him 160 lambs in the same financial year. Each lamb fetched a market price of R600. Furthermore, his potatoes yielded 40 tons from 3 hectares. The selling price per ton was R2 200.

The table below indicates additional information about Mr Malaka's farm.

VARIABLE COSTS	RICE	SHEEP	POTATOES
Production costs	R65 000	R12 500	R35 000
Harvesting costs	R 20 000		R2 500
Packaging costs	R25 000		R15 000
Transport costs	R15 000	R7 000	R9 000
Marketing costs	R2 500	R1 500	R2 000

2.1.1 Calculate the gross income of each farming branch. (6)

2.1.2 Calculate the total variable cost of each farming branch. (3)

2.1.3 Calculate the gross margin of the whole farm. (3)

2.2 Credit plays an important role in financing farmers according to their financial needs.

List SIX financial institutions where farmers can obtain credit. (6)

2.3 Suppose that the cost of a vehicle with a useful life of five years is R300 000 and the salvage value is estimated at 10% of the cost price.

Use the straight-line method to calculate the following:

2.3.1 The annual depreciation.

2.3.2 The book value at the end of year five.

(2 × 6) (12)

[30]

QUESTION 3

3.1 Study the list of assets given below for Mr Peu's farm for the financial year 2021/2022.

Use the list to complete the ADDENDUM (attached).

Assets	Value (R)
Cash on hand	10 000
Breeding stock	55 000
Debtors	9 000
Life insurance	1 200
Production inputs	15 000
Citrus products	90 000
Equipment	55 300
Short-term investments	8 000
Cash in bank	63 650
Machinery	135 650
Office furniture	110 550
Vehicle	95 500
Land	200 000
Fixed improvements	105 500
Negotiable securities	15 000

(19)

3.2 Define the term *mixed farming.* (2)

3.3 Give FOUR advantages of a mixed farming system. (4)

3.4 Give FIVE possible local markets where a farmer can sell his/her produce. (5)

[30]

TOTAL SECTION B: 60

SECTION C

QUESTION 4

4.1 Farmer Seema is a maize producer whose crops are infected with mycotoxins.

4.1.1 Suggest any THREE possible causes of mycotoxins. (3)

4.1.2 State any FOUR practices that he can employ in his farm to minimise the effect of mycotoxins on crop yield. (4)

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4.2 Farmer Malatji is a vegetable farmer who has been awarded a contract to supply BGM supermarket with vegetables for the entire 2021/2022 financial year.

4.2.1 What type of marketing system is the farmer using? (1)

4.2.2 State any TWO advantages of using the marketing system mentioned in QUESTION 4.2.1. (2 × 2) (4)

4.3 Define the term *market equilibrium*. (2)

4.4 Name FIVE factors that can influence the supply of farm products. (5)

4.5 State FOUR major production management decisions that farmers are often forced to consider. (4)

4.6 Phooko Farm provides the following record at the end of February 2021.

Details of costs	Amount (R)
Licence	50 000
Insurance	20 000
Pesticides	8 000
Marketing costs	5 000
Depreciation of a tractor	9 000

Use the above information to answer the following questions:

4.6.1 Indicate whether each of the cost items is a fixed or variable cost. (5)

4.6.2 What is the total cost for the month? (2)

[30]

QUESTION 5

5.1 Petty cash is used to make small payments.

5.1.1 Briefly outline any THRRE procedures that you can recommend to safeguard the petty cash funds of a small agribusiness. (3 × 2) (6)

5.1.2 Give THREE subcolumns on the income side of the petty cash journal. (3)

5.1.3 Define the term *net income.* (2)

5.2 Explain the importance of the safety signs listed below:

5.2.1 Danger signs

5.2.2 Stop prohibition signs

5.2.3 Caution signs

5.2.4 Mandatory signs

(4 × 2) (8)

5.3 Give TWO basic accounting methods. (2)

5.4 Explain the TWO basic accounting methods mentioned in QUESTION 5.3.

(2 × 2) (4)

5.5 Name FIVE advantages of communal marketing. (5)

[30]

TOTAL SECTION C: 60

GRAND TOTAL: 150

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ADDENDUM **EXAMINATION NUMBER:**

QUESTION 3

3.1

Current assets	Value (R)	Medium-term assets	Value (R)	Fixed assets	Value (R)
Total current assets		Total medium-term assets		Total fixed assets	
Total assets					

(19)

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