higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

AGRIBUSINESS
NQF LEVEL 2

(1011032)

12 March 2018 (X-Paper)
09:00–12:00

Non-programmable calculators may be used.

This question paper consists of 8 pages and an answer sheet of 1 page.

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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. QUESTION 2.1.1 must be answered on the attached answer sheet.
5. Start each question on a NEW page.
6. Write neatly and legibly.

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SECTION A

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 (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 A mortgage loan is an example of medium term liabilities.

1.1.2 When you deposit at an ATM, you do not need to complete a deposit slip.

1.1.3 A balance sheet is a financial statement that reflects the financial position of a farm.

1.1.4 Caution signs warn of hazards or hazardous conditions that are likely to be life threatening.

1.1.5 Raw materials are items used to make final products.

1.1.6 A cheque is a written instruction to your bank to pay someone an amount of money.

1.1.7 When you grow vegetables you do not need to stop using certain chemicals for some time before harvesting.

1.1.8 In farm-gate marketing a farmer markets collectively with other village farmers.

1.1.9 Unskilled labour refers to workers who have specialist training in a particular field.

1.1.10 Useful life is the length of time over which an asset will be used to generate income.

(10 × 1) (10)

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1.2 Choose an/a item/word from COLUMN B that matches a description in COLUMN A. Write only the letter (A–R) next to the question number (1.2.1–1.2.15) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	The process of withdrawing money out an account	A	O-horizon
1.2.2	Communal marketing where farmers can form an association and jointly market their produce	B	refrigerated tank
1.2.3	A businessperson who buys or sells for another in exchange for commission	C	commercial banks
1.2.4	The cost the farmer has to pay whether there is production or not	D	market equilibrium
1.2.5	Financial institution which offers long-term loans to farmers e.g. money to buy livestock, machinery	E	expenditure
1.2.6	A specific layer or stratum of soil or subsoil in a vertical cross-section of land	F	withdrawing money
1.2.7	The ability to manage very well in order to be successful and generate profit	G	fixed costs
1.2.8	The safety method to store milk so that its stays fresh on the farm	H	input cost
1.2.9	The demand for milk is equal to what farmers bring to the market	I	horizon
1.2.10	The excess of income over expenses in a given period of time	J	pre-harvest
1.2.11	The transfer of money in exchange for services or products supplied	K	farm-gate marketing
1.2.12	The best method for controlling mycotoxin contamination	L	balance sheet
1.2.13	The top organic layer of soil made up mostly of leaf litter humus	M	entrepreneurship
1.2.14	Buying feed, seedlings and fertiliser for the farm	N	communal marketing
1.2.15	Asset = Liabilities + Owners' Equity	O	land bank
		P	agent
		Q	profit
		R	transaction

(15 × 1) (15)

1.3 Give ONE word/term for each of the following descriptions. Write only the word/term next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 The loss or decline in value of assets.

1.3.2 The process of putting money in the bank.

1.3.3 How much consumers are prepared to buy a product at a certain price.

1.3.4 Costs that vary with the level of production.

1.3.5 A poison produced by a fungus.

(5 × 1) (5)
[30]

TOTAL SECTION A: 30

SECTION B

QUESTION 2

Answer this question on the attached answer sheet.

Matlou Matome provides the following transactions for his farm for the period between June and August 2017.

NO	DESCRIPTION OF TRANSACTION	AMOUNT (R)	DATE OR PERIOD
1	Sale of tractor	50 000,00	July
2	Pesticides	1 400,00	June and August
3	Crop chemicals	1 300,00	August
4	Sale of lucerne	13 300,00	June
5	Sale of tomatoes	2 400,00	Monthly
6	Salaries	13 000,00	Monthly
7	Marketing	2 900,00	July
8	Crop insurance	1 500,00	Monthly
9	Sale of sheep	2 000,00	June and August
10	Telephone	2000,00	Monthly

Use the above information to prepare a cash flow statement for Matlou Farm.

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QUESTION 3

3.1 Use the straight line method of calculating depreciation to answer QUESTIONS 3.1.1 and 3.1.2.

3.1.1 Suppose that the price of a bakkie is R450 000,00 (including VAT). Use the following guidelines to calculate the annual depreciation of the bakkie.

ASSETS	EXPECTED LIFE	SALVAGE VALUE OF PERCENTAGE OF COSTS PRICE OR REPLACEMENT VALUE
Vehicle	5 years	10%
Tractor	10 years	10%
Implements	10 years	10%
Tools	10 years	0%
Sprinkler	5 years	0%
Laterals	10 years	0%
Centre pivots	15 years	0%
Electrical motors	15 years	0%
Pumps	15 years	0%

(4)

3.1.2 What would the book value of the bakkie be at the end of fifth year? (12)

3.2 Define the term *depreciation*. (2)

3.3 Developing an inventory is a THREE-step process.

3.3.1 Discuss the THREE steps for developing an inventory. (6)

3.4 Two basic financial methods are available to most small businesses.

3.4.1 Name these financial methods. (2)

3.4.2 Differentiate between these two financial methods. (4)

[30]

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QUESTION 4

4.1 Farmer Noah Maloa produces maize crop and is experiencing mycotoxins in his crops.

4.1.1 State THREE causes of mycotoxins. (3)

4.1.2 State FOUR crop husbandry practises that he can employ to eradicate mycotoxins. (4)

4.2 Mr Joseph Dacket is a vegetable farmer who has secured a deal to supply Woolworth supermarket with vegetables for the entire 2017.

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. (4)

4.3 Define *market equilibrium*. (2)

4.4 Name FIVE factors that influence demand of farm products. (5)

4.5 State any FOUR of the major production management decision that farmers make to produce agricultural products. (4)

4.6 Vanga Matjiu Farm provides the following costs for the period of March 2017.

DETAILS OF COSTS	AMOUNT (VALUE) R
Licence	50 000, 00
Insurance	20 000, 00
Pesticides	8 000, 00
Marketing costs	5 000, 00
Depreciation of a tractor	9 000, 00

Use the above information to answer the following questions.

4.6.1 Indicate whether each of the costs in the table are fixed or variable cost. (5)

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

[30]

QUESTION 5

5.1 Ms Moroka is an emerging farmer who wants to select a suitable site for her farm.

5.1.1 State FOUR natural factors that she needs to consider in the selection of the location of the farm. (4)

5.1.2 State THREE reasons why it is advisable for Ms Moroka to buy new farm equipment instead of used ones. (3)

5.1.3 State THREE advantages of farm-gate marketing. (3)

5.2 State FIVE aspects that an enterprise budget should consist of. (5)

5.3 State THREE procedures recommended for safeguarding the petty cash funds. (6)

5.4 Name FOUR main ways of classifying files. (4)

5.5 A petty cash book is used to record income and expenditure.

Name THREE sub-columns in the income side of a simple petty cash book. (3)

5.6 Define the term *cash flow statement*. (2)

[30]

TOTAL SECTION B: 120
GRAND TOTAL: 150

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ANSWER SHEET **EXAMINATION NUMBER:** | | | | | | | | | | | | | |

QUESTION 2

CASH FLOW STATEMENT FOR MATLOU MATOME FARM FOR JUNE TO AUGUST 2017

Items	June	July	August	Total
Income				
Total income				
Expenditure				
Total expenditure				
Profit/Loss				

[30]

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