higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE (VOCATIONAL)

AGRIBUSINESS

NQF LEVEL 4

11 March 2020

This marking guideline consists of 10 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	A		
	1.1.2	C		
	1.1.3	D		
	1.1.4	A		
	1.1.5	A		
	1.1.6	B		
	1.1.7	D		
	1.1.8	A		
	1.1.9	C		
	1.1.10	C		
			(10 × 1)	(10)
1.2	1.2.1	Expenditure level		
	1.2.2	Sales potential		
	1.2.3	Income tax		
	1.2.4	Marketing mix		
	1.2.5	Balance sheet		
			(5 × 2)	(10)
1.3	1.3.1	C		
	1.3.2	D		
	1.3.3	E		
	1.3.4	I		
	1.3.5	L		
	1.3.6	H		
	1.3.7	F		
	1.3.8	A		
	1.3.9	B		
	1.3.10	G		
			(10 × 1)	(10)
1.4	1.4.1	False		
	1.4.2	False		
	1.4.3	True		
	1.4.4	True		
	1.4.5	True		
			(5 × 1)	(5)
1.5	1.5.1	Cash in hand		
	1.5.2	Income statement		
	1.5.3	Lag time		
	1.5.4	Cheque		
	1.5.5	Niche market		
			(5 × 1)	(5)

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1.6 1.6.1 Debtor: Someone who owes a business money and is an asset to the business

1.6.2 Depreciation: Dropping in value

1.6.3 Participatory management: When everyone participates in the management process

1.6.4 Disciplinary action: Steps taken to discipline people who have broken the rules

1.6.5 Mediation: Helping opposing parties settle a dispute

(5 × 2) (10)
[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1 **BALANCE SHEET OF DEVINE FARM ENTERPRISES AS AT 31 DECEMBER 2019✓✓**

ASSETS	R	LIABILITIES	R
Fixed assets:		**Long-term liabilities**	
Land	✓200 000	Bond – Land Bank	✓280 00
Fixed improvements	✓300 000		
Total fixed assets:	✓✓**500 000**	**Total long-term liabilities**	✓✓**280 000**
Medium-term assets:		**Medium-term liabilities**	
Cows for breeding	✓50 000	Bank loan	✓65 000
Toyota bakkie	✓25 000	Tata truck	✓60 000
Tractors	✓120 000		
Sheep	✓95 000		
Total medium-term assets	✓✓**290 000**	**Total medium-term liabilities**	✓✓**125 000**
Current assets:		**Current liabilities**	
		Cooperatives	✓85 000
Slaughter calf ready for sale	✓25 000	Bank overdraft	✓50 000
Cattle feed purchased but not used	✓35 000	Municipal water account	✓3 000
Diesel in tank	✓20 000		
Fixed deposit – Nedbank	✓30 000		
Eskom account – paid in advance	✓6 000		
OBC Meats <Not indicated on the farming enterprise asset list>	✓4 000		
Total current assets	✓✓**120 000**	**Total current liabilities**	✓✓**138 000**
TOTAL ASSETS	✓✓**910 000**	**TOTAL LIABILITIES**	✓✓**543 000**
		Capital net worth	✓✓367 000
BALANCE	✓**910 000**	**BALANCE**	✓**910 000**

(40)

2.2
- Planning
- Coordination
- Organising
- Monitoring
- Controlling
- Communication
- Commanding
- Motivation/Leadership/Directing (Any 4 × 1) (4)

2.3 Value adding means adding value to a raw product✓ by taking it to, at least, the next stage of processing.✓ (2)

2.4
- Easier access to information.
- Calculations more accurately done.
- More information can be stored in less space.
- Comparisons can be made more easily.
- Can make use of trusted and tested programs for production, financial and physical records.
- Transfer of information is easier.
- Fast reproduction of information.
- Alternative use of the computer. (Any 4 × 1) (4)

[50]

QUESTION 3

3.1

SMART FARMING ENTERPRISE
CONTRACT OF EMPLOYMENT

Between

(Employer) **Smart Farming Enterprise**✓
And (1)

(Employee) Mr H Zozo✓ (1)

Identity number: 7112235694084✓ (1)

Herewith the Employee undertakes to make available to the Employer his labour for the following remuneration and on the following conditions:

1. **Position to be held:** Farm Manager✓ (1)

2. **Job description:**
- To implement socio-economic development plans for the Smart Farming Enterprise✓ (1)
- To monitor the effective utilisation of resources to make the farm a viable enterprise✓ (1)
- To administer and manage facilities and infrastructure on the farm✓ (1)

3. **Working hours:**
Monday – Sunday, including public holidays: 07:00 to 17:30
Lunch and tea breaks: 1 hour and 30 minutes (flexitime)
2 days off duty every 2 weeks

4. **Remuneration:**
Salary: R120 000✓ (1)
Medical aid contribution: R14 440✓ (1)
Transport allowance: R6 000✓ (1)
13th cheque: R10 000✓ (1)
Production bonus: 10% of net farm income✓ (1)

5. **Authorised deductions:**
Pension contribution (11,5% of basic salary): R13 800✓ (1)
PAYE (19,5% basic salary): R23 400✓ (1)
Medical aid contribution: R11 760✓ (1)

6. **Leave:**
Ordinary paid leave: 28 days per annum✓ (1)
Sick leave: 30 days per annum✓ (1)
Family responsibility: 7 days per annum✓ (1)

7. **Disciplinary code**: As per Basic Conditions of Employment Act

Signed at: **Smart Farming Enterprise**✓ on 1 January 2020. ✓ (2)

Smart *HZOZO* ✓
CEO (Employer) Farm Manager (Employee) (1)

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3.2
- Ensure that working conditions on the farm are acceptable.
- Give workers recognition for their contributions.
- Mr Zozo must know his workers and build a relationship with them.
- He must reward hard work.
- He must ensure that team-building takes place. (5)

3.3
- Provide training to ensure that skills are maintained and new skills are developed.
- Hire someone with new skills that can be transferred to others. (2)

3.4
- Since workers use equipment that could be dangerous, they need to know how to operate them safely.
- Workers are exposed to harmful substances that need safety measures, such as fertilisers and/or medicine. (2 × 2) (4)

3.5 Variable costs are only incurred when production takes place,✓ while fixed costs are relevant to the entire farm and are incurred, whether or not production takes place.✓ (2 × 2) (4)

3.6

SMART FARMING ENTERPRISE
PAYSLIP ADVICE

Date: 30/08/2020✓ (1)

Surname and initials: **Zozo H**✓ (1)

Identity number: **7112235694084**✓ (1)

Bank: Africa Bank

Branch number: 250612

Account number: 48758856521

Gross salary **R11 700**✓✓ | Deductions: **R4 050**✓✓ | Net salary **R7 650**✓✓ (6)

EARNINGS		**DEDUCTIONS**		
Descriptions	**Amount**	**Descriptions**	**Amount**	
Basic salary	**R10 000**✓	Tax RSA (PAYE)	**R1 950**✓	(2)
Medical aid	**R 1 200**✓	Pension	**R1 120**✓	(2)
Transport	**R 500**✓	Medical aid	**R 980**✓	(2)

[15]
[50]

QUESTION 4

4.1 4.1.1 R2 400 × 10✓ = R24 000✓
4.1.2 R24 000 × 1% = R240✓
R 240 × 12 R2 880✓
4.1.3 R24 000 × 1% = R240✓
R 240 × 12 R2 880✓
4.1.4 R2 880 + R2 880 = R 5 760✓
(4 × 2) (8)

4.2 4.2.1 In participatory management, everyone participates in the management process,✓✓ while in autocratic management, only management participates in the management process.✓✓ (2 × 2) (4)

4.2.2
- The workers become accountable for the decisions made.
- It promotes proper communication channels between management and workers.
- It shows that the workers are respected and their ideas count, making them work hard.
- It is easier to manage by objectives, since the workers are involved in defining the goals and objectives.
- It will be easier for Smart Farming Enterprise to reward performance.
- It motivates the workers, resulting in improvement in productivity.
- If the team knows the enterprise goals, it makes them happier and they enjoy their work. (7)

4.3
- Income tax
- Value added tax
- Capital gains tax (3)

4.4
- Operation costs will rise.
- It will decrease the demand for the products since the selling price will increase.
- It will affect the price for inputs, resulting in increasing variable cost.
- Transport costs will increase.
- Salaries will increase. (Any 2 × 2) (4)

4.5.1 Market research is the action or activity of gathering information about consumers' needs and preferences. (2)

4.5.2
- Consumer preferences
- Competitors
- Size of the market
- Proximity of the market
- Infrastructure
- Demographic trends
- Population and income trends (Any 4 × 1) (4)

4.5.3
- Consumer preferences: He will be able to define his target market through knowledge of what customers want.
- Competitors: He will be able to know and assess his competitors (Who are they? How many? How will he compete with them?).
- Market size: It will give him potential sales volume and estimate his market share.
- Proximity of the market: He will know how far the market is from the point of production, helping him to decide on the price of the product.
- Infrastructure: It will help him determine how to access the market, whether there are roads to the market and whether they are in a good condition.
- Demographic trends: It is important to determine the demographic profile of the community in order to know the income of the people in the community.
- Population and income trends: Large populations with stable income are an ideal target for his business. (Any 4 × 2) (8)

4.5.4
- Assembly
- Transportation
- Storage
- Grading and classification
- Processing
- Packaging
- Distribution and retailing (7)

4.6
- Increase market access for all participants.
- Promote efficient marketing of agricultural products.
- Optimise export earnings of agricultural products.
- Enhance the viability of the agricultural sector. (Any 3 × 1) (3)

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TOTAL SECTION B: 150
GRAND TOTAL: 200

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