higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

AGRIBUSINESS
NQF LEVEL 4

(1011034)

12 March 2018 (Y-Paper)
13:00–16:00

This question paper consists of 11 pages and 2 addenda.

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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. Answer QUESTIONS 3.5 and 5.6 on the attached ANSWER SHEETS and hand them in with your ANSWER BOOK.
5. Show ALL your calculations.
6. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 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 (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 A way of telling somebody about your complaints at work:

A Negotiation
B Conciliation
C Mediation
D Grievance procedure

1.1.2 The practice of treating someone or a particular group in society less fairly than others, is called …

A disciplinary action.
B discrimination.
C harassment.
D phobia.

1.1.3 In a labour plan … is/are identified.

A the number of employees needed and the skills available
B the pattern of costs used in production
C all the available costs of the farm
D the target market

1.1.4 The money paid by the farmer which he/she can claim back as part of costs for training provided to employees, is called …

A the Unemployment Insurance Fund.
B Pay As You Earn.
C a skills development levy.
D tax incentives.

1.1.5 An effective form of management which involves everyone in setting objectives or goals for the farm is called … management.

A authoritarian
B liaise
C participatory
D walk around

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1.1.6 Someone who owes money to a business is a …

A creditor.
B debtor.
C owner.
D agent.

1.1.7 Money received by a business for products sold or services rendered, is/are …

A income.
B expenditure.
C inventory.
D receipts.

1.1.8 The government's second largest form of revenue:

A Income tax
B Capital gains tax
C Customs duty
D Value-added tax

1.1.9 An accounting record that shows the financial position of a business at a certain date, is the …

A income statement.
B cash flow statement.
C balance sheet.
D budget statement.

1.1.10 The part of the market demand that the enterprise supplies:

A Target market
B Market share
C Market mix
D Market research

(10 × 1) (10)

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1.2 Choose an item from COLUMN B that matches a description in COLUMN A. Write only the letter (A–M) next to the question number (1.2.1–1.2.9) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Able to pay one's debt	A	remuneration
1.2.2	How much you can and want to spend on marketing	B	passing trade
1.2.3	The basic services and systems that are necessary for a country or an organisation to run smoothly	C	human resources
1.2.4	The possibility that exists to sell something	D	income statement
1.2.5	Costs relevant to the farm as a whole which are incurred whether the production takes place or not	E	infrastructure
1.2.6	Information on how well the production process is being carried out	F	mass market
1.2.7	People's skills and abilities that a company uses and pays for	G	sales potential
1.2.8	Money that a business pays to an employee for work done	H	expenditure level
1.2.9	Helping two people settle a dispute	I	fixed costs
		J	mediation
		K	amortisation
		L	production performance information
		M	solvency

(9 × 1) (9)

1.3 Complete the following sentences by using the word(s) in the list below. Write only the word(s) next to the question number (1.3.1–1.3.6) in the ANSWER BOOK.

deferred payment contract; variable costs; trend; export commodity; arbitration; market; inventory; profit; receipt; cash flow

1.3.1 … is deciding on a course of action to resolve conflict between two parties/persons.

1.3.2 A … is a written proof of money that changed hands.

1.3.3 A product that can be exported to earn foreign capital is a/an …

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1.3.4 … are costs needed for production that are only incurred when production takes place.

1.3.5 A … is a general direction in which a situation is changing or developing.

1.3.6 A contract that allows the seller to set a price at a later date, is called a …

(6 × 1) (6)
[25]

TOTAL SECTION A: 25

SECTION B

QUESTION 2

2.1 Discrimination is when certain employees/people are treated differently from others.

2.1.1 What does unfair discrimination mean? (4)

2.1.2 What can an employee do when he/she feels that the employer discriminates against him/her? (2)

2.1.3 Who can an employee contact if he/she feels that his/her grievances have not been settled? (2)

2.1.4 Briefly describe the purpose and functions of the CCMA. (5)

2.2 Robert and Mary work for the same company. They both earn R145 000,00 per year. Robert is 40 years old and Mary is 66 years old.

Use the information and table below to calculate the amount of tax payable by Robert and Mary. Assume that there are no allowable deductions. Show ALL the calculations.

TAXABLE INCOME			**RATES OF TAX**	
R		**R**	**R**	**R**
0	-	112 500	18% of every R1	
112 501	-	180 000	20 250 + 25% of the amount over 112 500	
180 001	-	250 000	37 125 + 30% of the amount over 180 000	
Primary rebate:				R7 740,00
Additional rebate for persons 65 years or older:				R4 680,00

[Source: *SARS*] (12)

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2.3 Skills development is very important in any agribusiness.

Name THREE things a manager can do to retain skills in his/her business. (3)

2.4 The Sectorial Determination 13: Farm Worker Section, sets out the minimum basic conditions of employment.

State SEVEN aspects covered by these basic conditions of employment. (7)
[35]

QUESTION 3

3.1 Which TWO financial record books are considered to be the most important on a farm? (2)

3.2 State THREE rules that make cash control easier. (3)

3.3 Differentiate between a balance sheet and an income statement. (2)

3.4 Miss Loice wants to apply for a loan.

Calculate the amount available for a new loan using the following information. Show ALL the calculations.

Net farm profit	=	R252 400,00
Total farm overhead costs	=	R 50 000,00
Non-farm income	=	R 20 000,00
Income tax to be paid	=	R 24 000,00
Family expenditure	=	R 80 000,00

(10)

3.5 Use the following information to complete the balance sheet of Mr Kay's farming business as at 1 March 2016 on ANSWER SHEET 1 (attached).

ASSETS	VALUE	LIABILITIES	VALUE
Positive bank balance	R150 000	Cooperative	R100 000
Machinery	R200 000	Land Bank loan	R750 000
Marketable livestock	R50 000	Finance company	R300 000
Land	R1 000 000		
Buildings	R500 000		

(18)
[35]

QUESTION 4

4.1 Taxation is the government's source of income and there are various types of taxes which citizens have to pay.

4.1.1 Name THREE types of taxes. (3)

4.1.2 Which tax is payable when disposing of an asset? (1)

4.2 Learnerships refer to learning and training programmes that lead to an occupation.

4.2.1 Explain the role of the Department of Labour in learnerships. (4)

4.2.2 Name FOUR role players in learnerships. (4)

4.2.3 Are there any benefits for the employer if he/she enrolls his/her employees in a learnership programme? Motivate your answer. (3)

4.2.4 Various costs to employers are associated with training.

Name the TWO incentives available to assist employers in the funding of learnerships. (2)

4.3 Tinus wants to buy a tractor. He obtained three quotations. VAT is set by SARS at 14%.

Calculate the total costs for each of the following tractors:

4.3.1 John Deere quoted R520 000 including VAT. No discount is given. (2)

4.3.2 Mahindra Tractors quoted R400 000 excluding VAT. No discount is given. (5)

4.3.3 Kubota quoted R470 000 excluding VAT, but will give 10% discount for cash. (7)

4.3.4 Which of these THREE will be the better option for Tinus to purchase and why? (1)

4.4 When a transaction is carried out, a record or proof of transaction will be created.

Give THREE examples of record or proof of transactions. (3)

[35]

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QUESTION 5

5.1 Define *marketing.* (2)

5.2 Name the SEVEN stages in commodity marketing. (7)

5.3 Market research gives the farmer more information about the market for which the goods will be produced or to whom services will be provided.

State any FIVE types of information provided by market research. (5)

5.4 In 1996 Parliament passed the Marketing of Agricultural Products Act (Act No. 47 of 1996).

State the FOUR objectives of this act. (4)

5.5 Information systems on farms provide essential records of farm production, gross margins, land requirements, labour and capital. Therefore more investment in the development of information systems for farms is required.

5.5.1 State FOUR features of a good information system. (4)

5.5.2 Give THREE reasons why it is important to keep track of financial information. (3)

5.6 Enter the following information in the cashbook of Mr Kay's farming business on ANSWER SHEET 2 (attached):

June 4, Received a cheque for R3 000,00 for milk delivered (Receipt no. 89)

June 10, Received a cheque for R1 000,00 for milk delivered (Receipt no. 90)

June 4, Paid cash wages R500,00

June 10, Paid the farm cooperation R700 for dairy feed (Cheque no. 114) (10)
[35]

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QUESTION 6

6.1 Study the following budget of a farm with three enterprises and answer the questions

EXPENSES					
DATE	**ITEM BOUGHT**	**SHEEP**	**ONIONS**	**MAIZE**	**GENERAL**
21/2	Feed for sheep	10 000			
18/3	2 000 onion seedlings @ R150 for 100		3 000		
22/3	Wages for transplanting seedlings		1 600		
2/4	600 litres of diesel at R10/litre				6 000
21/6	Pesticides and fertiliser		2 000		
24/8	2 000 onion bags at R150/500		600		
10/9	40 kg of maize seed at R200/20 kg			400	
10/9	200 kg of fertiliser at R120/50 kg			480	
9/10	Transport of onions		600		
14/10	300 litres of diesel@ R11/litre				3 300
29/10	Transport of sheep to abattoir	1 000			
15/11	Licences for vehicles				560
24/12	Wages for harvesting maize			2 000	
	TOTAL				
INCOME					
DATE	**ITEM SOLD**	**SHEEP**	**ONIONS**	**MAIZE**	**GENERAL**
	1 000 bags of onions @ R15/bag		15 000		
	70 sheep @ R400/sheep	28 000			
	20 tons of maize @ R500 a ton			10 000	
	TOTAL				

6.1.1 Calculate the gross margin of each of the three enterprises. (15)

6.1.2 Calculate the net farm profit (NFP).

(NFP = gross margin of whole farm – general costs) (5)

6.2 State FOUR of the different stages involved in marketing. (4)

6.3 State THREE ways in which prices for products and services can be set. (3)

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6.4 6.4.1 What is the difference between break-even yield and break-even price? (4)

6.4.2 A farmer planted tomatoes on one hectare. His total costs were R20 000 and his output price was R4 000.

Calculate his break-even yield per hectare. (2)

6.5 A farmer has to replace his/her irrigation system every 10 years. The replacement value is R500 000,00.

Calculate the depreciation per year.

(Depreciation = replacement value/expected life) (2)
[35]

TOTAL SECTION B: 175
GRAND TOTAL: 200

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ANSWER SHEET 1 **EXAMINATION NUMBER:**

QUESTION 3.5

BALANCE SHEET OF MR KAY'S FARMING BUSINESS AS AT 1 MARCH 2016

ASSETS	VALUE	LIABILITIES	VALUE
LONG-TERM ASSETS		LONG-TERM LIABILITIES	
Total long-term assets		Total long-term liabilities	
MEDIUM-TERM ASSETS		MEDIUM-TERM LIABILITIES	
Total medium- term assets		Total medium-term liabilities	
CURRENT ASSETS		CURRENT LIABILITIES	
Total current assets		Total current liabilities	
TOTAL ASSETS		TOTAL LIABILITIES	
		CAPITAL (NET WORTH)	

(18)

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ANSWER SHEET 2 **EXAMINATION NUMBER:**

QUESTION 5.6

CASHBOOK OF MR KAY'S FARMING BUSINESS

DATE	DESCRIPTION	REC.	CASH	DATE	DESCRIPTION	REC.	CASH
		no	in			no	out
4 June				4 June			
10 June				10 June			
Total							

(10)

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