higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

AGRIBUSINESS
NQF LEVEL 4

(1011034)

22 November 2019 (X-Paper)
09:00–12:00

This question paper consists of 12 pages and 1 answer sheet.

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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 QUESTION 2.1 on the attached ANSWER SHEET and hand it in with your ANSWER BOOK.
5. Start each question on a NEW page.
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 Sales of agricultural products done by market agents on behalf of the farmer on a commission basis:

A Farmers' cooperative marketing
B Fresh produce market
C Communal marketing
D Contract selling

1.1.2 Organisation offering training in organisational development, business development and research skills:

A Community Poultry Development Service
B Rural Development Support Programme
C Eastern Cape Honey Farmers Project
D Limpopo Training Project

1.1.3 Part of the marketing mix:

A Size of market
B Probability
C Demography
D Promotion

1.1.4 Due to inflation, money … in real value over time.

A stabilises
B increases
C decreases
D fluctuates

1.1.5 Which ONE of the following is not an expense document?

A Bank deposit slip
B Order book
C Invoices
D Delivery slip

1.1.6 Estimated value of a tractor at the time of selling:

A Salvage value
B Cost to inventory
C Prime cost
D Selling price

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1.1.7 Government's main source of income:

A Value-added tax
B Income tax
C Import duties
D Capital gains tax

1.1.8 Livestock is slaughtered at the … while adhering strictly to the Health and Safety Regulations.

A kraal
B abattoir
C butchery
D dairy

1.1.9 A worker is entitled to family responsibility leave of … per annual leave cycle.

A 21 days
B 17 days
C 36 days
D 3 days

1.1.10 Conciliation means …

A helping two people settle a dispute.
B making someone less angry or more friendly.
C deciding on a course of action if someone found guilty.
D a practice of treating somebody unfairly.

(10 × 1) (10)

1.2 Complete the following sentences by filling in the missing word or words. Write only the word or words next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 A … is used by a worker to make his dissatisfaction about something known to his employer.

1.2.2 Someone to whom the business owes money and who is a liability to the business is called a …

1.2.3 The … is a statement of assets and liabilities at a particular date.

1.2.4 … refers to information about a population.

1.2.5 Cost relevant to the farm which are incurred whether production takes place or not is called …

(5 × 2) (10)

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

COLUMN A		COLUMN B	
1.3.1	Product or raw material that can be bought or sold	A	infrastructure
1.3.2	Basic systems and services necessary for smooth running of a country or organisation	B	passing trade
1.3.3	Money that can be spent which is not earmarked for anything special	C	extension officer
1.3.4	Total costs divided by expected yield	D	net farm profit
1.3.5	Reserve used to service farmer's own capital expenses	E	commodity
1.3.6	Estimate or plan of expenses and income	F	breakeven price
1.3.7	Potential buyers passing a shop or stall	G	grazing capacity
1.3.8	Someone who gives agricultural and business advice and training to emerging farmers	H	logistics
1.3.9	Total amount received after deduction of discount or charges	I	budget
1.3.10	Capability of land to carry and feed animals	J	disposable income
		K	gross proceeds
		L	discount amount

(10 × 1) (10)

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1.4 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.4.1–1.4.10) in the ANSWER BOOK.

1.4.1 Census reports form part of primary information.

1.4.2 A high debt-servicing ratio indicates that a business experiences high financial pressure.

1.4.3 Pregnant farm workers are allowed maternity leave for two months.

1.4.4 Expectant mothers can claim income from the Unemployment Insurance Fund when they cannot work any further during their pregnancy.

1.4.5 Tax is payable on minimum wages for farm workers.

1.4.6 Land sold during the year must be entered in the inventory at the end of that year.

1.4.7 Future costs have to be considered when decisions are made.

1.4.8 The aspects of dismissal in the workplace can be found in the Labour Relations Act.

1.4.9 The Basic Conditions of Employment Act deals with the actions of trade unions.

1.4.10 A gross margin is calculated for each farm by subtracting the farm's variable costs from its output.

(10 × 1) (10)

1.5 Complete the following sentences by choosing a word or term from the list below. Write only the word or term next to the question number (1.5.1–1.5.5) in the ANSWER BOOK.

breakeven; depreciation; solvency; casual; variable; short; medium; cash slip; invoice; credit note; debit note; journal voucher

1.5.1 A … is used to record stock returned by a credit customer.

1.5.2 … is the lowering of the value of an asset.

1.5.3 … labourers are not permanently employed.

1.5.4 Feed forms part of the … costs.

1.5.5 A … is used to record money received from a customer for a cash sale.

(5 × 1) (5)

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1.6 Choose the correct word or words from those given in brackets. Write only the word or words next to the question number (1.6.1–1.6.5) in the ANSWER BOOK.

1.6.1 (Human resources/Mechanisation) refers to people's skills and abilities for which a company pays.

1.6.2 Owner's equity (increases/decreases) if profit increases.

1.6.3 A debtor's invoice book is regarded as (income/expenditure) documentation.

1.6.4 A (purchase journal/cash book) is used for recording money or cash coming in and going out of the business.

1.6.5 Rainfall recordings can be regarded as (physical/financial) information.

(5 × 1) (5)
[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1 Use the information below to prepare an income statement on the attached ANSWER SHEET for Triumph Farm Enterprises for the year ending 31 December 2019.

DESCRIPTION	AMOUNT
Goat sales	90 000
Dairy sales	50 000
Turkey sales	120 000
Ostrich sales	100 000
Milk sales	75 000
Maize sales	100 000
Vegetables sales	30 000
Fertiliser	80 000
Salaries	30 000
Telephone and post	2 000
Packaging	20 000
Fuel	50 000
Electricity and water	4 000
Machinery repairs	40 000
Feed	100 000
Interest on loan	5 000
Bales of lucerne	50 000
Wages	50 000
Rent	5 000
Insurance and licence	2 500

(25)

2.2 What is the total price that Peter has to pay for a bag of cement costing R90,00 excluding VAT? Show ALL calculations. (3)

2.3 Name any TWO data items that should be included in an asset register. (2)

2.4 Name TWO methods that can be used to calculate the depreciation value of a farm implement. (2)

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2.5 Complete the following bank reconciliation statement by using the information below. Write only the answer next to the question number (2.5.1–2.5.6) in the ANSWER BOOK.

- The balance on the bank statement is R1 500,00.
- A deposit of R500,00 was made to the account but it is not in the bank yet.
- A cheque of R350,00 was written but it has not been cashed.
- The bank balance account is R3 000,00.

DATE		DEBIT	CREDIT
May 31	Balance on bank statement		**(2.5.1)**
	Credit deposits but not yet in bank		
	Deposit slip 45		**(2.5.2)**
	Debit cheque but not yet out of bank		
	Cheque 66	**(2.5.3)**	
	Balance in bank account	**(2.5.4)**	
	Total	**(2.5.5)**	**(2.5.6)**

(6)

2.6 Which TWO financial records are considered the most important on a farm? (2)

2.7 For sustainable agriculture it is necessary to establish the demand for different agricultural products before you decide which product to supply.

2.7.1 Explain *demand.* (2)

2.7.2 State FOUR factors that should be taken into consideration when establishing the demand of the product you want to supply. (4)

2.8 Define each of the following terms:

2.8.1 Market share

2.8.2 Discrimination

(2 × 2) (4)

[50]

QUESTION 3

3.1 3.1.1 State FIVE instances in which an employee in the agricultural sector is allowed to take family responsibility leave. (5)

3.1.2 Explain how a worker's annual leave is calculated. (2)

3.1.3 State the EIGHT aspects in which farm workers are covered by the minimum conditions of employment. (8)

3.2 List FIVE items that must appear on a payslip besides the worker's name. (5)

3.3 State FIVE grievances that employees can have. (5)

3.4 Charles owns a poultry farm and he wants to diversify by growing feeding crops as well. For this he has to assess the labour needs of his new venture, the strengths and weaknesses of the employees and their training needs. He must also ensure that skills are kept up and new skills are developed.

3.4.1 State FIVE things Charles can do to retain the skills that he is going to develop in his work force. (5 × 2) (10)

3.4.2 Why is safety training important on a farm? (2)

3.4.3 Who is involved in a learnership and what are their roles? (5 × 2) (10)

3.4.4 What benefits are there for a farmer to enrol employees in a learnership programme? (2)

3.4.5 State ONE way in which a learnership programme helps an employee. (1)

[50]

QUESTION 4

4.1 Complete the stock record sheet by using the information below. Write only the answer next to the question number (4.1.1–4.1.9) in the ANSWER BOOK.

INFORMATION

Opening stock on 28 February 2019
- 600 adult female animals
- 20 adult male animals
- 560 young animals (260 females and 300 males)

The following stock movement took place from February until the end of May 2019:

DATE	DESCRIPTION
10/03/2019	Sold half the young animals
25/03/2019	Sold the weakest 20% of young males and females
15/04/2019	Sold the last of the young males
04/05/2019	54 animals (30 females and 24 males) born
13/05/2019	80 animals (60 females and 20 males) born
21/05/2019	160 females and 100 males are born and 14 females stolen
30/05/2019	60 sets of twins born of which 40% are males

DATE	NUMBER OF ADULT MALES	NUMBER OF ADULT FEMALES	NUMBER OF YOUNG MALES	NUMBER OF YOUNG FEMALES	TOTAL NUMBER OF ANIMALS
28/02/2019	20	600	300	260	1180
10/03/2019			**(4.1.1)**		
25/03/2019			**(4.1.2)**	**(4.1.6)**	
15/04/2019					
04/05/2019					
13/05/2019			**(4.1.3)**		
21/05/2019			**(4.1.4)**	**(4.1.7)**	
30/05/2019	20		**(4.1.5)**	**(4.1.8)**	
Total					**(4.1.9)**

(10)

4.2 Before a farmer can apply for a loan from a bank he has to decide on the type of loan and meet certain conditions.

4.2.1 List and explain THREE conditions to consider before applying for a loan. (3 × 2) (6)

4.2.2 Name THREE types of credit a farmer can obtain from a bank to finance his farming enterprise. (3)

4.2.3 Briefly describe each of the THREE types of credit in QUESTION 4.2.2. (3 × 2) (6)

4.2.4 Name ONE farm project for each type of loan in QUESTION 4.2.2. (3)

4.3 4.3.1 Describe the function of the National Agricultural Marketing Council (NAMC). (2)

4.3.2 Explain how a farm manager can benefit from the NAMC. (2 × 2) (4)

4.4 Charles produced 3 tonnes of potatoes on 2 hectares of land. He sells the potatoes to fruit and vegetable retailers in 15 kg bags. He spent R1 850,00 per hectare on fertiliser and R2 150,00 per hectare on watering the potatoes.

4.4.1 Name THREE ways in which Charles can set his price. (3)

4.4.2 Calculate the cost of production per bag of potatoes.

(HINT: 1 000 kg = 1 ton) (6)

4.4.3 If the desired rate of profit is 50%, for how much should Charles sell each bag of potatoes? Show ALL calculations. (6)

4.5 When does advantageous financing occur? (1)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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ANSWER SHEET EXAMINATION NUMBER:

QUESTION 2.1

INCOME STATEMENT FOR TRIUMPH FARM ENTERPRISES FOR THE YEAR ENDING 31 DECEMBER 2019

Farm income	**R**
Farm expenditure	
Variable costs	
Total variable costs	
Gross profit	
Fixed costs	
Total fixed costs	
Net income	

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