

**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

**AGRIBUSINESS
NQF LEVEL 2**

NOVEMBER 2010

(1011032)

**11 November (X-Paper)
09:00 – 12:00**

Calculators may be used.

This question paper consists of 10 pages and a 3-page answer sheet.

**TIME: 3 HOURS
MARKS: 150**

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
 2. QUESTIONS 2.2, 3.4, and 5.2 must be answered on the attached ANSWER SHEET.
 3. Read ALL the questions carefully.
 4. Number the answers according to the numbering system used in this question paper.
 5. Start each question on a NEW page.
 6. Write neatly and legibly.
-

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 – 1.1.15) in the ANSWER BOOK.
- 1.1.1 An external factor which can affect farm management decisions when selecting an agricultural enterprise:
- A Age of workers
 - B Gender of workers
 - C Vegetation
 - D Transport facilities
- 1.1.2 Breeding animals on a farm are recorded in the stock book as a ...
- A fixed asset.
 - B variable asset.
 - C temporary asset.
 - D movable asset.
- 1.1.3 The amount of money that a farmer invests in a farming business is a/an ...
- A overdraft.
 - B owner's equity.
 - C grant.
 - D mortgage.
- 1.1.4 The type of cost which is directly linked to the production of vegetables is referred to as ...
- A management cost.
 - B financial cost.
 - C direct cost.
 - D indirect cost.
- 1.1.5 A temporary measure that farm workers can use to control noise while using heavy-duty machinery on the farm:
- A Wear safety shoes.
 - B Repair faulty machines.
 - C Buy new equipment.
 - D Use ear plugs.

- 1.1.6 The estimated value of a tractor at the time of selling is called the ...
- A cost of inventory.
 - B selling price.
 - C salvage value.
 - D prime cost.
- 1.1.7 The geographical term that refers to the shape and height of the land:
- A Climate
 - B Topography
 - C Landform
 - D Infrastructure
- 1.1.8 If the cost of labour and equipment used in producing vegetables is high, few farmers will grow vegetables. This is a factor influencing ...
- A demand.
 - B supply.
 - C equilibrium.
 - D price.
- 1.1.9 The process by which tomato seeds, fertiliser, manure and pesticides are changed into edible tomatoes is referred to as ...
- A conversion.
 - B input.
 - C output.
 - D a vegetable garden.
- 1.1.10 The production input items or services which are paid for during the accounting period but have not yet been received:
- A Prepaid
 - B Credit
 - C Overpayment
 - D Underpayment
- 1.1.11 The ability to establish and manage your agribusiness effectively in order to be successful and earn profit from the farm or business:
- A Entrepreneurship
 - B Intrapreneurship
 - C Farm managing
 - D Supervision

1.1.12 The type of marketing where a group of farmers come together to sell their products:

- A Village marketing
- B Farm-gate marketing
- C Communal marketing
- D Fresh produce marketing

1.1.13 The soil layer where most roots actively occur. It is regarded as the most productive layer.

- A O horizon
- B A horizon
- C E horizon
- D Bedrock

1.1.14 The method that can be used to transfer money from one account to another without visiting a bank:

- A Credit card
- B Electronic transfer
- C Savings book
- D Deposit slip

1.1.15 The basic services (electricity, piped water) and built resources (dams) that the farmer needs to run the farm effectively is called ...

- A infrastructure.
- B production.
- C the record book.
- D fixed costs.

(15 × 1) (15)

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

COLUMN A		COLUMN B	
1.2.1	Allocation of production overheads	A	indirect cost
1.2.2	A record that shows the movement of goods or stock and its balance	B	mixed farming
1.2.3	Fertiliser, seedlings and poultry feed	C	cost of conversion
1.2.4	A document with records of all income and expenditures recorded daily on the farm	D	inventory
1.2.5	Safety guidelines for workers and employers on the farm	E	fixed cost
1.2.6	Integrating vegetables and livestock on the same farm	F	post-harvest operation
1.2.7	The quantity of tomatoes produced is equal to the quantity of tomatoes needed by customers	G	Occupational Health and Safety Act
1.2.8	Loans obtained through cooperatives to farmers for production	H	consumable items
1.2.9	Washing and packing of vegetables	I	Land bank
1.2.10	Sourcing information about what buyers want before you grow and sell your products	J	hydroponic farming
1.2.11	Producing vegetables without planting them in the soil	K	leaching
1.2.12	Dissolved minerals and nutrients leaving the soil	L	C horizon
1.2.13	Disintegrated rocks and mineral particles	M	Balance sheet
1.2.14	Financial information is gathered, processed and summarised into financial statements	N	Journal
1.2.15	The cost that the farmer has to pay whether production occurs or not	O	market equilibrium
		P	market research

(15)

TOTAL SECTION A: 30

SECTION B**QUESTION 2**

- 2.1 Merrywood Farms produced 3 000 cabbages which can be sold. They delivered the cabbages to the local supermarket in town who sold them for a commission.
- 2.1.1 State the type of costs that the farm manager has to use to determine the value of the cabbages. (3)
- 2.1.2 Which type of marketing system did the farm manager use to sell the cabbages? (1)
- 2.1.3 State THREE advantages of the marketing system used. (3)
- 2.2 Study the production costs of the cabbages on Merrywood Farms. Use the attached ANSWER SHEET (ANNEXURE A) to answer QUESTION 2.2.1 – 2.2.3.
- | | |
|---------------------------|-----------|
| Seeds and seedlings | R250,00 |
| Fertiliser | R360,00 |
| Salaries | R6 000,00 |
| Wages | R4 500,00 |
| Herbicides and pesticides | R160,00 |
| Electricity and water | R440,00 |
| Interest paid | R800,00 |
| Insurance | R480,00 |
- 2.2.1 Classify each of the expenses as FIXED and VARIABLE expenses. (8)
- 2.2.2 Calculate the total fixed costs and total variable costs. (2)
- 2.2.3 Calculate the total cabbage production costs for the year. (1)
- 2.3 List FIVE important safety measures that the farm employees should take into account when they spray the cabbages with pesticides. (5)
- 2.4 After selling the cabbages, the owner of Merrywood Farms was advised to open a current account at the bank and deposit the money into that account.
- 2.4.1 List the documents that the farm owner needs to submit to the bank in order to open a current account. (2)
- 2.4.2 The owner of Merrywood Farms is not convinced that opening a current account at the bank is the best option for his farming enterprise. List FIVE benefits for Merrywood Farms if the farmer opens a current account at the bank. (5)

[30]

QUESTION 3

- 3.1 The new receptionist does not understand how petty cash is used. Briefly explain the term *petty cash*. (2)
- 3.2 What measures can you suggest to the receptionist who controls the petty cash so that there is no mismanagement of the money? (3)
- 3.3 Name and explain the THREE columns of a Petty Cash Book. (6)
- 3.4 Use the following information to prepare a Petty Cash Journal for MERRYWOOD FARMS. Balance the Petty Cash Journal at the end of October 2010.

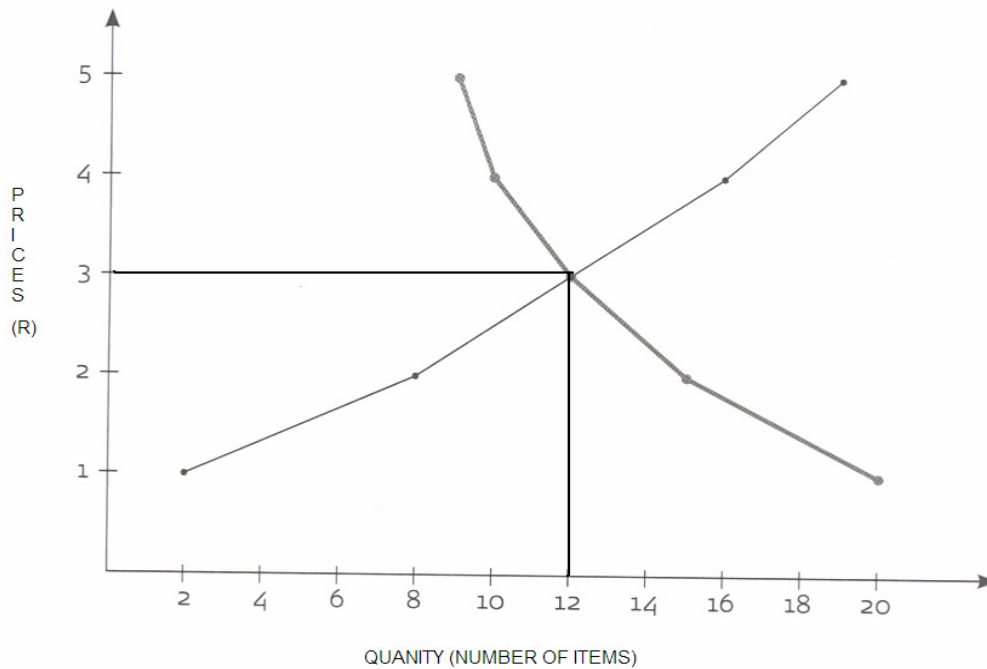
Use the attached ANSWER SHEET (ANNEXURE B).

- | | | |
|---------|---|------|
| 30 Sep. | Money in the petty cash box, R165,00. | |
| 6 Oct. | Received cash, R550,00, from the finance section. | |
| 8 Oct. | Sonny drew R250,00 to buy diesel for the tractor. | |
| 10 Oct. | Emma was given R150,00 to buy pesticides. | |
| 28 Oct. | Sonny repaired a puncture for R125,00. | |
| 30 Oct | Received cash, R550,00, from the finance section. | |
| 18 Oct | Zandile bought sugar, coffee and biscuits for the management meeting for R130,00. | (10) |
- 3.5 Name FIVE factors that can influence the quantity of moisture in the soil. (5)
- 3.6 Transport can add to the cost of a product. Name FOUR factors that can influence the cost of transporting the cabbages produced at Merrywood Farms to the local market. (4)

[30]**QUESTION 4**

- 4.1 An ewe was born on the farm this morning. Name the SEVEN important items that must be recorded about the birth in the stock register. (7)
- 4.2 Farmers benefit greatly when additional value is added to their produce before marketing.
- 4.2.1 Give FOUR reasons why a farm manager should add value to either the broilers or the cabbages that they produce before selling their products to their customers. (4)
- 4.2.2 Suggest FOUR methods which the farm manager can use to add value to either the broilers or the cabbages the farm has produced. (4)

4.3 The graph below depicts the supply and demand curves for the cabbages which were planted at Merrywood Farms.



- 4.3.1 Define the term *supply*. (1)
- 4.3.2 At what price is the supply of cabbages equal to its demand? (1)
- 4.3.3 How many cabbages are supplied when the demand is equal to the supply? (1)
- 4.3.4 Which term is used to describe the point at which the supply and demand curves meet? (1)
- 4.3.5 As the marketing manager of the farm, how would you convince customers to buy the cabbages that have been grown on Merrywood Farms and not those from the neighboring farm? (4)
- 4.3.6 How many cabbages will be bought if Merrywood Farms decided to sell them at R4,00 each? (1)

4.4 Merrywood Farms would like to introduce a poultry section to the farm in 2011. Name SIX different types of infrastructure that they will have to invest in to be able to start a poultry enterprise. (6)

[30]

QUESTION 5

- 5.1 Merrywood Farms deducts 1% from the farm workers' wages to pay into the government UIF fund. Merrywood Farm also contributes another 1% to the fund. Merrywood Farm has a total of 20 farm workers on its payroll and each worker is paid R1 800,00 per month.
- 5.1.1 What is the total amount that Merrywood Farms pays its farm workers per year? (2)
- 5.1.2 Calculate the total amount of money that Merrywood Farms will deduct from the farm workers' wages to pay into the UIF fund per annum. (2)
- 5.1.3 Calculate the total amount of money Merrywood Farms will contribute to UIF per annum. (2)
- 5.1.4 Calculate the total amount of money that will be paid toward UIF for this farm per annum. (2)
- 5.2 Ntombi sold 500 bunches of carrots which she harvested from her plot at the community gardens at R4,50 each during April 2010. She incurred the following expenses:
- | | |
|----------------------------|---------|
| Insurance | R50,00 |
| Interest paid | R63,00 |
| Rent | R250,00 |
| Transport | R150,00 |
| Pesticides and fertilisers | R60,00 |
| Wages | R500,00 |
- Use the above information to prepare an Income Statement for Ntombi Farms. Use the attached ANSWER SHEET (ANNEXURE C). (12)
- 5.3 Tomatoes are very delicate and should be handled with the utmost care. Explain to Ntombi's farm employees how they should handle the tomatoes after harvesting so that they remain fresh without losing their quality. (5)
- 5.4 In order for Merrywood Farms to have a good production record, planning has to be implemented. Discuss the FIVE factors which you will consider when planning for a good production record. (5)

[30]

TOTAL SECTION B: 120
GRAND TOTAL: 150

ANSWER SHEET

EXAMINATION NUMBER:

CENTRE NUMBER:

ANNEXURE A

QUESTION 2.2

FIXED AND VARIABLE COST

Fixed cost	Value (R)	Variable Cost	Value (R)
TOTAL			

(11)

ANSWER SHEET

EXAMINATION NUMBER:

CENTRE NUMBER:

ANNEXURE B

QUESTION 3.4

PETTY CASH JOURNAL FOR MERRYWOOD FARM

Date	Description	Receipt (R.00)	Payments (R.00)
1 Oct.	Bal. b/f		

(10)

ANSWER SHEET

EXAMINATION NUMBER:

CENTRE NUMBER:

ANNEXURE C

QUESTION 5.2

INCOME STATEMENT FOR NTOMBI FARMS

Revenue (Sales)	
500 bunches of carrots at R4.50 each	
Expenses	Value (R.00)
Variable cost	
Total variable cost	
Gross Profit	
Fixed costs	
Total fixed cost	
Total expenses	
Net income	

(12)