



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

**AGRIBUSINESS
NQF LEVEL 2**

NOVEMBER 2011

(1011032)

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

Calculators may be used.

This question paper consists of 10 pages.

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. Start each question on a NEW page.
 5. Leave a line between each sub-section, for example 1.1, 1.2 etc.
 6. Write neatly and legibly.
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SECTION A**QUESTION 1**

- 1.1 Choose a/an item/word from COLUMN B that matches a description in COLUMN A. Write only the letter (A – O) next to the question number (1.1.1 – 1.1.15) in the ANSWER BOOK.

COLUMN A		COLUMN B
1.1.1	Recording of stock issued and received	A collateral
1.1.2	Changeover in financial management staff	B market research
1.1.3	Estimating value of a tractor for every production cycle	C stock control system
1.1.4	Financial statements	D historical cost
1.1.5	Safety guidelines for workers and employers in the farm	E water
1.1.6	Taking money out of your bank account	F post harvesting
1.1.7	The pieces of paper that record money spent and money paid into a farming business	G Occupational Health and Safety Act
1.1.8	A list of who owes your business money	H grading
1.1.9	The money value of all the products produced by all the different enterprises on the farm for the year	I communal marketing
1.1.10	Giving the bank control over your investments if you borrow money from them	J general ledger
1.1.11	Washing and packing ripe tomatoes in a box	K withdrawal
1.1.12	In order to know what your prospective customers want	L source document
1.1.13	Packing eggs of the same size and features in the same tray	M debtors journal
1.1.14	When a group of farmers come together to sell their produce	N internal control manual
1.1.15	A natural resource which is used by all farmers	O gross production value

(15 × 1) (15)

1.2 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 (1.2.1 – 1.2.10) in the ANSWER BOOK.

- 1.2.1 The card which has a stock code, quantities of items received and issued, quantity returned and the balance of stock:
- A Stock bin card
 - B Stock ledger card
 - C Issued notes
 - D Storage box
- 1.2.2 The farm expenses involved in producing cabbages, milk, chicken are a/an ...
- A cost of inventory.
 - B environmental cost.
 - C product cost.
 - D input cost.
- 1.2.3 The best place to install a safety device control, for example, fire extinguisher on the farm is ...
- A along the road or path.
 - B in the road/path.
 - C in a box.
 - D in the office.
- 1.2.4 The storage facility for a large quantity of maize is a/an ...
- A barn.
 - B store.
 - C silo.
 - D office.
- 1.2.5 This keeps track of all the inputs you need for your farm enterprise and how much you produce:
- A Production records
 - B Fresh produce records
 - C Health records
 - D Financial records

- 1.2.6 Farm managers, plumbers and accountants are examples of ...
- A skilled labour.
 - B unskilled labour.
 - C temporary workers.
 - D labourers.
- 1.2.7 If the cost of labour and equipment used in producing cabbage is high, few farmers will grow cabbage. This is a factor influencing ...
- A demand.
 - B supply.
 - C equilibrium.
 - D price.
- 1.2.8 The production input items or services which are paid for during the accounting period but have not yet been received:
- A Pre-paid
 - B Credit
 - C Overpayment
 - D Underpayment
- 1.2.9 The type of marketing where the farm manager sells chickens and vegetables to the workers, retailers and ordinary buyers:
- A Village marketing
 - B Farm-gate marketing
 - C Communal marketing
 - D Fresh produce marketing
- 1.2.10 This prevents solar radiation from reaching the soil through reflection:
- A Mycotoxins
 - B Drainage
 - C Snow
 - D Manure
- (10 × 1) (10)

- 1.3 Complete the following sentences by filling in the missing word(s). Write only the word(s) next to the question number (1.3.1 – 1.3.5) in the ANSWER BOOK.
- 1.3.1 ... is the portion of a loan payment which is recorded as expenditure in the income statement.
- 1.3.2 ... factors must be considered when matching species with their biophysical factors.
- 1.3.3 The total of all the gross revenues of the various farming enterprises gives
- 1.3.4 Gross farm income minus total expenditure is
- 1.3.5 Fertilizer, seedlings, seeds and manure are examples of stock used in ... production. (5 × 1) (5)
- TOTAL SECTION A: 30**

SECTION B

QUESTION 2

- 2.1 The following expenditure is part of an income statement for your college farm for July to September 2011:

A	Salaries of management	R18 000,00
B	Fuel, oil, grease	R2 500,00
C	Depreciation of tractor	R2 000,00
D	Telephone rentals	R300,00
E	Weed control	R750,00
F	Poultry feed	R5 200,00
G	Interest on loan	R1 800,00
H	Seeds and seedlings	R1 400,00
I	Fertilizer	R900,00
J	Casual workers	R14 400,00
K	Insurance on farm vehicles and equipment	R2 250,00

Use this information to answer the following questions. Show ALL the calculations.

- 2.1.1 Indicate whether each of the expenditures in the table is a fixed cost or a variable cost. Write only 'fixed' or 'variable' next to the letter (A – K). (11)
- 2.1.2 What is the total expenditure for the three months? (1)

- 2.1.3 What will the total expenditure for August be? (2)
- 2.1.4 What percentage of the total expenditure pays for salaries? (2)
- 2.2 On a recent visit to your farm manager's office you saw documents lying all over her/his desk and the cabinets were disorderly. You realise that she/he has a very poor filing system which could be detrimental to the farm.
- 2.2.1 Give FOUR reasons why it is so important that all documentation must be filed systematically and neatly. (4)
- 2.2.2 State FIVE criteria or requirements that the farm manager should follow in order to develop a good record system for his/her documents. (10)
- [30]**

QUESTION 3

- 3.1 Draw the table below in the ANSWER BOOK. Use the given information to complete the salary records/schedule of the five employees at the college farm for October 2011.
All employees pay UIF of 10%.
The tax is 15% on their basic salaries.
The following employees worked overtime; Busi (4 hrs); Nwabisa (3 hrs) Maya (3 hrs); Nosisa (4 hrs)

NAME	BASIC SALARY	OVER-TIME AT R80/HR	UIF	TAX	INSURANCE	TOTAL DUE
Yaw	R12 000,00				R600,00	(3.1.6)
Busi	R6 000,00				R250,00	(3.1.7)
Nwabisa	R4 800,00				R150,00	(3.1.8)
Maya	R3 900,00				R120,00	(3.1.9)
Nosisa	R2 800,00				R85,00	(3.1.10)
TOTAL	(3.1.1)	(3.1.2)	(3.1.3)	(3.1.4)	(3.1.5)	(3.1.11)

(11)

- 3.2 List with examples THREE factors that can influence short-term changes to prices of products, which are produced on the college farm and sold daily in the locality. (9)
- 3.3 To overcome the uncertainty in the market, the farm manager decided to sell the produce through contract marketing.
- 3.3.1 Define *contract marketing*. (2)

3.3.2 Give THREE reasons why this system is better than selling the produce in the locality. (3)

3.3.3 Give FIVE reasons why the farm manager should add value to the broilers, which are produced in the poultry before selling them instead of selling live chicken. (5)
[30]

QUESTION 4

4.1 Complete the accompanying cash flow statement for Maya Farming Enterprise:

	AUGUST	SEPTEMBER	OCTOBER
Opening balance	5 000,00	(4.1.4)	(4.1.8)
Cash sales:			
Poultry	(4.1.1)	7 200,00	8 000,00
Vegetables	4 200,00	4 600,00	5 100,00
Piggery	8 000,00	8 800,00	(4.1.9)
Other income	650		
Total cash available	24 350,00	(4.1.5)	41 700,00
Monthly expenses	5 500,00	5 500,00	5 500,00
Cash purchase	5 000,00	(4.1.6)	(4.1.10)
Other payments		4 500	24 000,00
Total cash payments	(4.1.2)	15 550,00	(4.1.11)
Closing balance	(4.1.3)	(4.1.7)	(4.1.12)

(12)

4.2 Give THREE reasons why Ms Maya should prepare a cash flow budget on a regular basis for the farm. (3)

4.3 The transactions below show the receipts and payments of Wembley Farming Enterprise for the month of August 2011.
Use the information given to draw an income statement for Wembley Farm:

Broiler sales	R8 000,00
Purchase of tomato boxes	R1 000,00
Construction of broiler houses	R12 000,00
Machine repairs	R800,00
Sale of eggs	R750,00
Interest	R1 200,00
Sale of cabbages	R1 550,00
Sale of goats	R11 400,00
Pesticides	R500,00
Vet bills	R600,00
Sale of vegetables	R4 700,00
Wages	R4 800,00

(9)

- 4.4 Mr Nombombo, an emerging farmer, wants to select a suitable site for his farm.
- 4.4.1 State TWO natural factors that he has to take into consideration in the selection of the location of the farm. (2)
- 4.4.2 What factors about water should be considered by Mr Nombombo when selecting a suitable farm enterprise in his locality? (2)
- 4.4.3 Why is it advisable for him to buy new farm equipment instead of used ones? (2)

[30]**QUESTION 5**

- 5.1 A sound financial plan is the most important document needed before an entrepreneur can obtain a loan from the bank.
Name the FOUR financial documents that Mr Nombombo must include together with his business plan when he wants to qualify for a loan from the bank. (4)
- 5.2 In his discussion with the bank manager, Mr Nombombo informed you that the bank manager suggested that he practises mixed farming.
- 5.2.1 Define *mixed farming*. (2)
- 5.2.2 Why would you recommend this type of farming to an emerging farmer? (2)
- 5.3 Mycotoxins (poison produced by fungus) mostly affect crops in drought and insect infected areas.
State FOUR crop management practices that can be used to reduce crop poisoning. (4)

- 5.4 Ms Smallpox is a poultry farmer in Limpopo. She bought 60 bags of feed at R80,00 per bag from the co-operative. The weight of a bag of feed is 50 kg. She hired a truck from Mr Sofute to fetch the feed and had to pay him R150,00 for a trip. At the end of the production cycle, she still has 8 bags of feed in her store. When she inspected her stock she saw that rats had made holes in one of the bags and ate some of the feed. She immediately put the feed in a new bag. She weighed it and saw that the bag now weighed 40 kg.
- 5.4.1 Calculate the number of bags of feed she used for production. (1)
- 5.4.2 Calculate the total cost of the wastage. (3)
- 5.4.3 Suppose Ms Smallpox bought 52 bags of feed, how much would she have saved? (3)
- 5.4.4 Would she have paid less for transport if she had bought 52 bags of feed? Give reasons for your answer. (2)
- 5.5 In order to keep your labour records up to date, there is certain important information that is required from each employer. Name any FOUR pieces of information of your employees you would record. (4)
- 5.6 Why is it necessary that the labour records must be up to date and readily available? (3)
- 5.7 State TWO aims that Ms Smallpox may wish to achieve when she establishes a farm business. (2)
- [30]**
- TOTAL SECTION B: 120**
GRAND TOTAL: 150