



**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.

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)

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

CEO (Employer)

HGOGO

✓

Farm Manager (Employee)

(1)

[20]

- 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✓

Surname and initials: **Zozo H**✓Identity number: **7112235694084**✓Bank: **Africa Bank**

Branch number: 250612

Account number: 48758856521

Gross salary **R11 700**✓✓Deductions: **R4 050**✓✓Net salary **R7 650**✓✓**EARNINGS****DEDUCTIONS****Descriptions****Amount**

Basic salary

R10 000✓

Medical aid

R 1 200✓

Transport

R 500✓**Descriptions****Amount**

Tax RSA (PAYE)

R1 950✓

Pension

R1 120✓

Medical aid

R 980✓

(1)

(1)

(1)

(6)

(2)

(2)

(2)

[15]**[50]****QUESTION 4**4.1 4.1.1 $R2\,400 \times 10\% = R24\,000$ ✓4.1.2 $R24\,000 \times 1\% = R240$ ✓ $R\,240 \times 12 = R2\,880$ ✓4.1.3 $R24\,000 \times 1\% = R240$ ✓ $R\,240 \times 12 = R2\,880$ ✓4.1.4 $R2\,880 + R2\,880 = R5\,760$ ✓

(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)
- [50]**

TOTAL SECTION B: 150
GRAND TOTAL: 200