



UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

**PROGRAMME: BACHELOR OF SCIENCE IN AGRICULTURE
YEAR IV**

**AGRICULTURAL ECONOMICS AND
MANAGEMENT OPTION YEAR IV**

COURSE CODE: AEM 409

**TITLE OF PAPER: INTRODUCTION TO AGRIBUSINESS
MANAGEMENT**

TIME ALLOWED: TWO AND A HALF (2½) HOURS

- INSTRUCTION:**
- 1. ANSWER ALL FOUR (4) QUESTIONS**
 - 2. ALL QUESTIONS CARRY EQUAL MARKS**

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QUESTION ONE

What do you understand by the term agribusiness? Why is it important? (10 marks)

Discuss the following types of planning involved in agribusiness (15 marks).

Strategic planning

Tactical planning

Contingency planning

QUESTION TWO

Business planning is an important part of owning and managing a farm. Producers traditionally go through the business planning process to: Evaluate production alternatives; Identify new market opportunities; and communicate their ideas to lenders, business partners and family. Using an example, discuss the different components of a business plan. (25 marks)

QUESTION THREE

What are the main sources of finance for agribusiness firms? Why are agribusiness firms having difficulty in sourcing funds from other financial institution? (25 marks)

QUESTION FOUR

Mrs Dlamini is a farmer in the Malkerns area. She has 2 children. Her husband works as a factory worker at Matsapha. Mrs Dlamini uses 5ha of land to grow maize. For many years she has been growing maize and has not made good profits.

Because of her very low profits from cultivating maize, she thought about planting vegetables. But before she made a decision, Mrs Dlamini made a careful survey in the market of which types of vegetables are in demand and commands higher price. She went to several market places and found out that cabbages sell at a very high price and were in high demand. She went to an agricultural extension officer (horticulture specialist) and asked how cabbage is grown. Fortunately there was a workshop to be given on cabbage for 2 days. She attended the 2 day workshop and learned how to raise cabbage. Since the workshop was basically conducted through demonstration and field practicum, Mrs Dlamini learned how to plant, water, fertilize, weed and harvest cabbage. She also learned that on 5ha of land, she will need E2000 for land preparation, fertilizers, chemicals, labor and other incidental expenses.

Mrs Dlamini has only E1000. She went to Swazi Bank and requested for a loan of E1000 at a special interest rate of 10% per month. Then she went to the market place and secured the commitments from buyers for her cabbage produce. With a ready market for her cabbage, she started to grow cabbage in her land. She religiously followed what she had learned from the workshop she attended. She recorded all her production expenses on cabbage production.

After 3 months, she started harvesting cabbage and selling them to her buyers. She also recorded all her sales. Her total sales amounted to E6000. She made a profit of E4000. Out of the profit, she paid her loan of E1000 to Swazi Bank including the interest. All the rest of the profit, she reinvested in cabbage production by renting an additional 5ha of land from her neighbour.

- a) Is Mrs Dlamini business successful? (10 marks)
- b) What are the factors that contributed to her success or failure? (10 marks)
- c) Does the undertaking contribute to more self-reliance by Mrs Dlamini? (5 marks)



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FINAL EXAMINATION PAPER**

PROGRAMME: DEGREE IN AGRICULTURE (CP IV & APH IV)

COURSE CODE: AEM 410

TITLE OF PAPER: FARM BUSINESS II

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION: Candidates are required to answer Question ONE and any other TWO of the THREE remaining questions.

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Question One

Given the following table entitled:

Marginal value product, Price of Input and Optimal Usage of input

Fertilizer Level (Kg/ha)	Total Physical Product of Beans (Kg/ha)	Marginal Physical product of Beans (Kg/ha)	Marginal Value product in Emalangeni (E)	Price per Unit of Fertilizer in Emalangeni (E)
Fertilizer	TPP	MPP	MVP	(Pf)
0	200			
20	250			
40	290			
60	320			
80	340			
100	360			
120	355			

NB: Price of beans per kilogram is assumed to be E10.00
Price of a kilogram of fertilizer is assumed to be E5.00

- Calculate and fill in columns 3,4 and 5
(8 marks)
- What three decision rules and conclusions may be drawn regarding optimal use of inputs for profit maximization?
(20 marks)
- Graphically show how the law of diminishing returns operates
(12 marks)

Question Two

A budget is an estimate of future income and expenditure as opposed to an account of past financial transaction. A farm budget therefore is an estimate of the expected costs and returns or expected expenditure and receipts of a farm business. Discuss in details the complete, enterprise and partial budgets.

(30 marks)

Question Three

Profit is the difference between total revenue and total costs. It represents returns to invested resources. Discuss the forms of profit and differentiate between profit and Profitability.

(30 marks)

Question Four

A cash flow statement is a forecast of the cash position of the business for the immediate period ahead. Discuss the main features and the uses and advantages of a cash flow statement.

(30 marks)