



1ST SEM. 2006/2007

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**UNIVERSITY OF SWAZILAND
FINAL EXAMINATION PAPER**

PROGRAMME: DEGREE IN AGRICULTURE (CP & APH)

COURSE CODE: AEM 506

TITLE OF PAPER: FARM BUSINESS III

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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BY THE CHIEF INVIGILATOR**

Question One

The people responsible for the smooth running of a business are called managers. All managers form part of a management team. A competent manager ensures a healthy profit for the business but not to the detriment of society or the employees.

- a) Briefly discuss the above statement. **(5 Marks)**
- b) With the help of a diagram and the Table 1 below
 - i) Define Management. **(5 Marks)**
 - ii) Discuss the three management levels that managers need to be aware of and also make use of examples to explain how the key factors indicated in Table 1 differ at each management level **(20 Marks)**

Table 1: The Management levels according to factors

| Factors | Management One | Management Two | Management Three |
|-------------------|-----------------------|-----------------------|-------------------------|
| Skills needed | | | |
| Planned period | | | |
| Responsibility | | | |
| Who are they | | | |
| Alternative names | | | |

- c) One of the biggest problems in Swaziland is the lack of skilled managers. It is a known fact that managers play an important role in ensuring that company goals are achievable. In life certain goals are not achievable and an organization has to arrange people in a specific way to accomplish a purpose. Someone has to facilitate this arrangement, namely the manager. Therefore, the success of an organization can be said to depend on the quality of the manager in charge of it. The question is why the country is failing to fulfill its quotas of quality managers. Discuss the many other factors that can be regarded as a challenge to the Swazi economy. **(10 Marks)**

Question Two

The types of decisions people make depend on how much knowledge or information they have about situations. Most times it is necessary for one to have a business plan before embarking on any business venture. However, in the event of drafting the plan one encounters problems that have to be solved by relying on three major decision-making environments.

- a) Discuss the three decision-making environments (15 marks)
- b) Outline and discuss the interaction between business and the environment (15 Marks)

Question Three

A dairy farm under the directorship of Mr P.M. Nkomo is in financial trouble. As a result Mr Nkomo

Intends to borrow E80,000 from his family to ease things on the mortgage loan of E300,000. The farm has debts payable amounting to E10,000 and a bank overdraft of E60,000. Currently the farm has cattle valued at E180,000, material in store valued at E10,000, debts receivable amounting to E15,000, land valued at E300,000, equipment worth E45,000, buildings valued at E85,000. The farm liquid cash at the bank is E5,000 and petty cash is E1,800.

- a) Use this information to draft the farm's balance sheet showing both fixed and current/liquid items. From this interpret its net/loss capital (15 Marks)
- b) Discuss solvability and liquidity as they would apply to this farm (15 Marks)

Question Four

- a) In Swaziland several group companies have collapsed for reasons not so clear to the general public. Put yourself in the place of three of the product or service providers and describe what you would have done differently. (15 Marks)
- b) A business should have at least one of the three ways of gaining competitive advantage and these will enable him/her to gain long-term profitability even though all three components are preferable. Discuss the three with the help of diagrams where necessary. (15 Marks)