



2nd SEM. 2012/2013

UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

**PROGRAMME: B.SC. IN AGRICULTURAL ECONOMICS AND
 AGRIBUSINESS MANAGEMENT 2**

B.SC. AGRICULTURAL EDUCATION 2

B.SC. AGRONOMY 2

B.SC. HORTICULTURE 2

B.SC. ANIMAL SCIENCE 2

B.SC. ANIMAL SCIENCE –DAIRY 2

B.SC. AGRICULTURAL BIOSYSTEMS 2

COURSE CODE: AEM 205

TITLE OF PAPER: FARM MANAGEMENT

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION: 1. ANSWER ALL QUESTIONS

2. QUESTION 25 MARKS EACH

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BY THE CHIEF INVIGILATOR**

Question 1

A. UNISWA maize farm experienced a change in its finances from E70 000 to E135 000 in revenue and cost from E53 000 to E35 000 for period 2011-2013. Describe UNISWA's farm size from the economies of size perspective, using calculations to justify why?

(10)

B. In farm management, it is important for the farm manager to understand the analysis of financial statements. The concepts of solvency and liquidity is most crucial for the sustainability of the farm operations. Explain the difference between solvency and liquidity. Also define three tests that can be used to diagnose liquidity problems.

(15)

(25 MARKS)**Question 2**

A. Classified as production, price and financial, define three sources of risk and uncertainty for farmers in Swaziland.

(10)

B. Use the following data to calculate the profitability and efficiency listed:

ITEM	E
1. Gross revenue	185 000
2. Value of farm production	167 000
3. Net farm income	48 000
4. Interest expense	18 000
5. Value of unpaid labor	31 000
6. Opportunity cost of farm equity	17 300
7. Total Asset value: beginning	400 000
Ending	430 000
8. Farm equity: beginning	340 000
Ending	352 000

- a. Rate of return of assets (3)
- b. Rate of return on equity (3)
- c. Asset turnover ratio (3)
- d. Return to management (3)
- e. Net farm income from operations ratio (3)

(25 MARKS)

Question 3

A. Decision making is an important tool for farm managers. Farm Managers make risky and non-risky decisions. Identify steps in making a risky decision, give an example.

(15)

B. External farm funding is based on the leverage that the farm can attract. Define leverage and how it can be calculated including how you interpret of the calculated results.

(10)

(25 MARKS)

Question 4

A. Farmer Gebhuza has been offered by Select Management Services an E 800 000 loan to be repaid in 10years with a 50% balloon payment and SwaziBank has offered the same amount amortized at 9% interest. Help Gebhuza to decide which offer is best by defining the disadvantages and advantages of each offer.

(10)

B. Personal attributes define a farm managers ability to be the best administrator. Discuss the four personal risk management tools.

(15)

(25 MARKS)