



2nd SEM. 2014/2015

UNIVERSITY OF SWAZILAND

SUPPLEMENTARY EXAMINATION PAPER
MARKING GUIDE

PROGRAMME:

Bsc. Agricultural Biosystems & Engineering 2

Bsc. Agricultural Economics & Agribusiness 2

Bsc. Agricultural Education 2

Bsc. Agronomy 2

Bsc. Animal Science 2

Bsc. Animal Science-Dairy Option 2

Bsc. Horticulture 2

COURSE CODE: AEM 205

TITLE OF PAPER: FARM MANAGEMENT

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION: 1. ANSWER ALL QUESTIONS
2. EACH QUESTION CARRIES TWENTY FIVE (25) MARKS

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BY THE CHIEF INVIGILATOR**

Question 1

Farming engages resources in producing a crop and/or livestock. It is the responsibility of a farm manager to organize and assemble these resources according to the requirements of his farm plans.

- A. Distinguish between the three [3] types of farm resources.
[6marks]
- B. Identify the possible farm structures as presented by the general farm strategies. [8marks]
- C. Farm management entails four [4] functions and each is uniquely essential for managing the farm operations. Briefly discuss these functions as applicable in a farm business.
[11marks]

[25 marks]

Question 2

Farm accounting is an essential element of farm management and farm managers' understanding of the compilation and use of farm accounts is of utmost importance.

- A. Justify the need for keeping farm records as an important part of managing a farm. [12marks]
- B. Define the farm business activities to be included in an accounting system and one example for each. [9marks]
- C. Double accounting system is always preferred than the cash accounting system. State the reasons why this system of accounting is more advantageous to the farmer. [4marks]

[25 marks]

Question 3

Famer Mnyika can access E 10 000 at 10% cost of capital repayable in 3years. He has three options to consider; investment A, Investment B and investment C. Investment A yields fixed returns of E 5, 000 per year over 5 years, investment B in 5years generates E 4800 annually while investment C has varying returns, giving E6000 in first and second year, then returns decrease in third to E5500 and the fourth year and fifth year yielding E 4800. Help Mnyika choose to which investment to invest into.

- A. Compute the payback, average net returns and simple rate of return for each option. [10marks]
- B. Which option do you recommend for Mr Mnyika to adopt and state the reasons why? [5marks]
- C. Mr Mnyika has been advised by the credit evaluators to consider the ***Time Value of Money***, a concept which has confused him. Help explain to him this concept and why it is importance that does not ignore it as he considers the E10 000 investment. [6marks]
- D. In investment considerations, briefly explain the meaning of discounting and compounding? [4marks]

[25 marks]

Question 4

As a drive towards the first world status dream, the Swazi farming industry is calling for a more efficient use of farm resources and inputs as a strategy. In the rural household where farming is a major income earner, farmers are not apprehending this industry initiative. As an expert in farm management, help these farmers understand so they can adopt the strategy in their farms.

- A. Discuss briefly what is meant by this efficiency strategy and how is it applicable in farming. [10marks]
- B. The environmental protection activists too are calling on physical efficiency as a mean to sustainable resource use. Explain this concept and how it can benefit farming. [5marks]
- C. Since the first world status relate to being less poor by 2022, explain how the adoption of marginal concepts can enable the farmers to maximise their farm profits. [10marks]

[25 marks]