



2nd SEM. 2016/2017

UNIVERSITY OF SWAZILAND
RE-SIT EXAMINATION PAPER

PROGRAMME:

- B.Sc. in Agricultural Economics & Agribusiness Management 2**
- B.Sc. in Agricultural Bio-systems Engineering 2**
- B.Sc. in Agricultural Education & Extension 2**
- B.Sc. in Agronomy 2**
- B.Sc. in Animal Science 2**
- B.Sc. in Animal Science –Dairy option 2**
- B.Sc. in Horticulture 2**

COURSE CODE:

AEM 208

TITLE OF PAPER:

Farm Management

TIME ALLOWED:

TWO (2) HOURS

INSTRUCTION: 1.

ANSWER ALL FOUR QUESTIONS

2.

EACH QUESTION CARRIES 25 MARKS

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Question 1

Using the information below, prepare a balance sheet for December 2016 by regrouping the following Farm records.

Item	Value [E]
Buildings	400,000
Accounts receivable	2,000
Accounts payable	5,500
Mortgage loan for land	250,000
Cows	15,000
Calves	4,000
Cash in bank	12,000
Wheat in silo	5,000
Tractor loan	60,000
Hay bales	7,500
3-ton Bakkie	65,000

- a. Prepare a balance sheet [5marks]
- b. Compute
 - i. Debt /asset ratio [5marks]
 - ii. current ratio [5marks]
 - iii. working capital [5marks]
 - iv. Distinguish between liquidity and solvency [5marks]

[TOTAL – 25 MARKS]

Question 2

- A. Discuss the four functions of management as observed in a farm business. [8marks]
- B. Explain the process of making a farm decisions. [12 marks]
- C. Distinguish between strategic and tactical farm management. [5marks]

[TOTAL – 25 MARKS]

Question 3

- A. Mr Mafu, a farmer at Ngwempisi, has been advised to keep farm records by the lead farmer in the area. However, Mafu is reluctant as he reckons it is meaningless. Do you agree with Mafu and why? [10marks]
- B. Using the following recorded farm transactions, prepare 2015 Profit statement using cash and accrual methods of accounting. [15marks]

Date	Business Transactions
May 2015:	Purchased, paid for and applied fertilizer for the 2016 fruit harvest E8, 000.
September 2015:	Purchased and paid for chemicals, fuel for 2015 harvest E25, 000.
October 2015:	Purchased and charged to account fuel for Packaging material. E10, 000.
November 2015:	One quarter of harvest sold for E60, 000. The rest placed in stored frozen and valued at E120, 000.
January 2016:	Paid bill for Packaging material E10, 000.
March 2016:	Remaining 2015 fruits sold at E200, 000.

[TOTAL – 25 MARKS]

Question 4

- A. Farmer Zitha borrowed E250 000 at 10% with FINCORP in July 2016 to purchase Maize farm inputs. He promised to pay E50 000 in September 2016 using income from his vegetable crop, E40 000 in November and E50 000 in December 2016 using the poultry revenue and the rest of the loan will be settled in March 2017 when he has sold the crop.
 - a. How much interest is Zitha going to pay in total for the E250 000 loan? [10marks]
 - b. If Zitha decided to pay the loan at once in March 2017, how much would he save or lose? [5marks]

- B. If Zitha had used the E250 000 in July 2016 to purchase John Deer tractor, with lifespan of 15years and salvage value of E50 000. Using triple declining method, compute the annual depreciation of this tractor. [10marks]

[TOTAL – 25 MARKS]