SUPPLEMENTARY EXAMINATIONS
JANUARY 2019

AGE221 - Farm Management

Time: 3 hours

Marks: 100

Internal examiners
Mr. STC Mdletshe
Prof. A Mushunje

Instructions

1. Answer ANY THREE (3) questions in Section A AND question five in Section B.

2. This paper consists of THREE pages, including the cover page.
SECTION A
Answer any three (3) questions only

QUESTION ONE  (25 marks)

The Planning Problem refers to the allocation of scarce resources within and between feasible enterprises. In order to ensure that such allocation is carried out efficiently it is essential to make a clear statement of OBJECTIVES.

i. Explain why objectives are very important in farm management. [8]

ii. Objectives need to be sustainable (continue for a very long time). Explain the need for both short term and long term objectives to be specified and what can be done to ensure that they are sustainable. [17]

QUESTION TWO  (25 marks)

i. Gross Margin is an extremely important and useful planning and control aid and is based on a specific planning situation. Explain, in detail, the meaning of this statement. [13]

ii. Show, in detail, how the Gross Value of Production is calculated for a livestock enterprise. [12]

QUESTION THREE  (25 marks)

“It might appear that once the farmer had formulated a sound plan and put it into practice, further planning would be unnecessary and he would only have to concern himself with the day-to-day running of the farm”.

With the aid of flow chart, explain why control of the farm business is a never ending process?

QUESTION FOUR  (25 marks)

i. Describe the important information that is contained in an annual cash flow budget. [12]

ii. Explain the important difference between Complete Budgeting and Gross Margin Planning. [5]

iii. Explain the important roles of Enterprise Organisation and Enterprise Combination. [8]
SECTION B
Question five must be answered

QUESTION FIVE (25 marks)

A farm manager in Xesi needs to analyse the Merino sheep enterprise for the production year 1/9/2017 to 31/9/2018 and must start by calculating the Gross Value of Production (GVP) for the Merino sheep enterprise. The farm records for the year provide the following summarised information:-

90 sheep were sold for R3 500.00 each, 10 ewes were purchased for a total of R35 800.00 and 1 ram was purchased for R4 500.00. The farmer gave 1 lamb to a neighbour for helping to paint the farmhouse. The market value of a lamb was R1 890.00. During the year, 12 lambs were slaughtered for meat for the household and 18 lambs were slaughtered for labour. 25 sheep were lost due to deaths and theft. Wool produced by 550 mature sheep (which each yielded 4.5kg of wool) was sold for R120.00 per kg and 260 lambs (each producing 1kg of wool) was sold for R150.00 per kg. On 1/9/2017 the total value of Merino sheep on the farm was R950 000.00 and on 31/9/2018 it was R870 500.00.

Calculate the GVP for the enterprise. Use a suitable layout along the lines of the schematic layout for a livestock enterprise. Pay special attention to neatness.