Summer Examinations 2016

LEM203716N

Module Title Farm Business Management
Level Five
Time Allowed Two hours

Instructions to students:
• Enter your student number not your name on all answer books.
• Answer all questions in Section A and two questions from Section B.
• Begin each question in a separate answer book; label each answer book clearly with the number of the question you are answering.
• Neither books nor notes may be taken into the examination.
• The use of a non-programmable calculator is permitted.

The following items are provided:
• Farm Cash Study Cash Flow Sheet (Document 1 for Question 1)
• Enterprise Farm Performance Information for Lowland Sheep and Winter Oilseed Rape (Document 2 for Question 2)

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Section A

Answer all questions.

Question 1

a. Explain the importance of obtaining finance & credit for a farm business & identify the main sources available to farmers. (12 marks)

b. Describe the differences between secured & unsecured loans & the likely effect on interest rates. (6 marks)

c. Study the cash flow proved (Document 1) & outline the strategies that could be used to adjust the cash flow in order to bring income and expenditure within agreed overdraft limits. (12 marks)

(Total 30 marks)

Question 2

a. Describe how a farm business can make use of Enterprise Gross Margins as a financial management aid. (10 marks)

b. Identify potential weaknesses when using Gross Margins and suggest how these should be taken into account when comparing enterprise performance. (4 marks)

c. Explain, with the use of examples, why it may sometimes be good practice to include enterprises with low GM’s within a farm system. (6 marks)

d. Prepare Gross Margins for winter oilseed rape (per ha) and lowland sheep breeding (per ewe and per ha) using the Enterprise Performance Information provided. (Document 2)

It is important that your work is set out clearly in a suitable format. (10 marks)

(Total 30 marks)
Section B

Answer two out of four questions.

Question 3
Describe the following stages of the recruitment process and evaluate the purpose of each stage in making the ‘right’ appointment:

a. Job analysis (5 marks)
b. Job description (5 marks)
c. Person specification (5 marks)
d. Interview and selection (5 marks)

(Total 20 marks)

Question 4

a. Discuss the options available for farmers when selecting the most appropriate type of business structure. (10 marks)
b. In each case describe their requirements in terms of business title, liability, profits and taxation. (10 marks)

(Total 20 marks)

Question 5

a. Explain the techniques that can be used by a large farming business to ensure that labour levels are appropriate for efficient management of the business. (12 marks)
b. How can these techniques be used as the business develops to ensure efficient labour utilisation. (8 marks)

(Total: 20 marks)
Question 6

Identify the main financial and physical records that should be kept by a farm business and in each case describe their function and importance.

(Total 20 marks)