

UF DAGRI PAST PERS

**SIR ARTHUR LEWIS COMMUNITY COLLEGE – DIVISION OF
AGRICULTURE**

Supplemental Exam Semester II - Associate Degree Students

Course: Farm Management Economics

Duration: 2½ Hours

Date: 07/2004

#FB



Please Answer All Questions

1. a) Describe the three major causes of depreciation of certain farm assets.
b) State and describe three methods of valuing assets on a farm
c) Describe three (3) methods of calculating depreciation. Which method is most suitable for depreciating a farm vehicle. Use this method to calculate the book value of a 2-year-old van that cost \$48,000 brand new and has a useful life of 6 years with a salvage value of \$ 12,000.
2. a) With the use of an **appropriate graph**, describe the economic rules for making production decisions on a farm in the long run.
b) What is meant by the term 'economies of scale'? Some farm may experience economies of scale as they expand. Give reasons why this can occur.
3. Write short notes and use appropriate graphs to explain the following:
 - a) Supplementary farm enterprise
 - b) An isoquant
 - c) The three economic stages of production
 - d) Production possibility curve
4. a) List and describe five reasons why any successful farmer should keep records on his operations.
b) Explain the types of records that should be kept by a banana farmer. What differences would there be if the farmer cultivated vegetables instead?.
5. a) Marketing is about filling gaps between the consumer and producer. List and explain these gaps.
b) List and explain the marketing functions carried out in marketing agricultural goods.
c) Describe the utilities obtained when these functions are performed.

20

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