

UP DAGRI PAST PAPERS.



SIR ARTHUR LEWIS COMMUNITY COLLEGE
DIVISION OF AGRICULTURE

Final Exam Semester II -Associate Degree Students

Course: Farm Management Economics

Date: 07/05/2004

Duration: 2 ½ Hours

Please Answer All of Section A and Any Two (2) Questions From Section B

#F14

Section A

1. a) Most farm assets with the exception of land will undergo depreciation. Explain briefly why this is so. (3 marks)
- b) State and describe three methods of valuing assets on a farm (5 marks)
- c) A farmer constructs a building at a cost of \$68,000 that has an expected useful life of 15 years with a salvage value of \$12,000 at the end of its useful life.
 - i) What method would you use to depreciate this building and why?
 - ii) Using the method chosen above, prepare a depreciation schedule for the building. (12 marks)
2. a) With the use of an **appropriate graph**, describe the economic rules for making production decisions on a farm in the short run. (7 marks)
- 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. (6 marks)
3. The production function for the use of fertiliser in tomato production is shown in the table below. Answer the following questions based on the table.

Fertilizer	Output
1	10
2	25
3	50
4	65
5	75
6	80
7	82
8	80



1

2

3

- a) Calculate Average Physical Product and Marginal Physical Product for each level of input use. **(3 marks)**
- b) Determine the three stages of production for the production function **(3 marks)**
- c) For tomato prices of \$2.00 per unit and fertiliser prices of \$20.00 per unit, calculate Marginal Input Cost, Marginal Value Product, Marginal Revenue and Marginal cost for each level of input use **(5 marks)**
- d) Using stated criteria, choose the profit maximising level of tomato that the farmer should produce. **(2 marks)**

Section B

1. a) State and describe the main categories of convenience goods **(4 marks)**
b) Most agricultural goods are staple goods and more difficult to market than goods from other sectors. Give seven (7) reasons why this may be so. **(8 marks)**
2. a) List and describe five reasons why any successful farmer should keep records on his operations. **(5 marks)**
b) Explain the types of records that should be kept by a pig farmer. What differences would there be if the farmer kept broilers instead?. **(7 marks)**
3. a) Marketing is about filling gaps between the consumer and producer. List and explain these gaps. **(4 marks)**
b) List and explain the physical marketing functions carried out in marketing agricultural goods. List and describe three types of middlemen engaged in performing these functions. **(8 marks)**

