

VF Dagri Past papers

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

**ASSOCIATE DEGREE IN GENERAL AGRICULTURE
2011/2012 ACADEMIC YEAR
END OF SEMESTER II EXAMINATION**

COURSE: FARM MANAGEMENT (FRM111)
TIME: 2 HRS 30mins

DATE: DECEMBER 2011

#M61

INSTRUCTION: DO ANY FIVE QUESTIONS



1. (a) What is **enterprise budgeting**? 2 mks
- (b) State **three** purposes of an enterprise budget 6 mks
- (c) Why should the opportunity cost of management be included in an enterprise budget? 2mks
- (d) There are potentially many different budgets for a single enterprise. Defend or refute this statement. 2 mks
- (e) The following is information about a hypothetical watermelon enterprise. Use it to calculate:

(a) Gross margin	(b) net profit	(c) break-even price	(d) break-even yield.
			8 mks

Items	melon/acre
Yield in kg/ha	4350 kg
Price/kg	0.75
<u>Variable costs</u>	(\$)
Seeds	140.00
Manure	230.00
Fertilizer	395.00
Chemicals	240.00
Transport	100.00
Labour, Harvesting,	470.00
<u>Fixed costs</u>	
Machinery, depreciation	350.00
Land charge	200.00/acre

- 2 The following is a production function for an enterprise. The price of input is \$11.00 and the price of the output is \$4.00. Fixed costs are \$30.00.

Units of input	of	1	2	3	4	5	6	7	8	9	10
Units of output	of	10	25	45	60	70	77	82	85	86	84

- (a) What is the value of the following at 8 units of the variable input?

(i) TP	(ii) AVC	(iii) TVC	(iv) TC
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8mks
- (b) How many units of the variable factor should the profit-maximizing firm use? Give a reason for your answer. 5 mks
- (c) What is the marginal cost of the fifth unit of the variable input? 2 mks
- (d) If the firm uses 10 units of input, what would profit be? 2 mks
- (e) If the variable input were free, what level of output would the firm produce and why? 3 mks



3. The amount of time and effort a manager devotes to making a decision will not be the same in every situation.
- (a) List **FOUR** steps involved in the decision making process. 4 mks
- (b) State **TWO** factors that affect the amount of time and effort a manager devotes to making a decision. 4 mks
- (c) State **THREE** unique characteristics of agriculture that affect the way in which farm managers make decisions. 6 mks
- (d) Suppose you are the manager of a farm, write **THREE** goals for that business. 6 mks
4. Farmers make decisions in a risky and ever changing environment.
- (a) Identify the steps in making a risky decision. 4 mks
- (b) **Distinguish** between risk and uncertainty. 4 mks
- (c) **Identify and explain three** sources of risk in agriculture. 6 mks
- (d) What is risk management? 2 mks
- (e) **Identify two** strategies that can be followed to reduce the risks associated with tomato production and marketing. 4 mks
5. Human resource planning is critical to the success of any business.
- (a) Define the term "**human resource planning**". 2 mks
- (a) Name **FOUR** types of farm workers. 4 mks
- (b) State **THREE** labour problems that St. Lucian farmers encounter. 3 mks
- (c) Define **labour productivity** and state two ways in which labour productivity of the College Farm can be enhanced. 6 mks
- (d) Define the term **labour turnover** and list two of its causes. 3 mks
6. A partial budget is an extremely useful type of budget.
- (a) Define the term **partial budget**. 2mks
- (b) Highlight the similarity between marginal analysis and partial budgeting. 2mks
- (c) State the **FOUR** key components of a partial budget. 8 mks
- (d) List two uses of a partial budget 2mks
- (e) A certain government programme requires that ten percent of your cropland be left idle in exchange for a lump- sum payment. List the types of changes that would appear in a partial budget for determining the profitability of participating in this programme. 6 mks

