

VF DAGRI Past Papers



SIR ARTHUR LEWIS COMMUNITY COLLEGE – DIVISION OF AGRICULTURE

SUPPLEMENTAL EXAM SEMESTER II – YR II DIPLOMA STUDENTS

Course: Agribusiness Management II

Date: 05/2003

Duration: 2 Hours

#M13

Please Answer All Questions

1. a) Describe all the possible sources of finance for a new entrant into agriculture. (15 marks)

b) Using named examples, describe the type of credit services provided by two types of institutions engaged in the provision of agricultural credit in St. Lucia (10 marks)

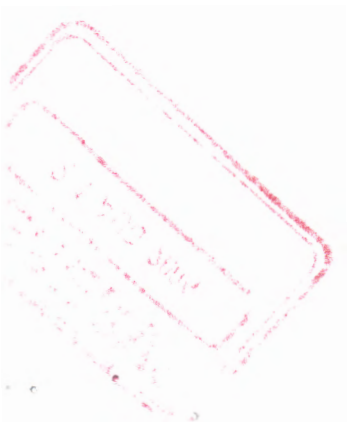
2. List and describe the advantages and disadvantages of the three different types of legal business structures. (25 marks)

3. Farmer M has a 10 acre farm and pays \$12000 annually in land taxes and mortgage. The farmer has 9 acres bananas from which he earns average monthly revenue of \$4500 and a 10 sow unit from which he sells 30 fatteners 3 times a year at an average price of \$450 per fattener. The farmer incurs annual depreciation of \$ 5600 on buildings and equipment and spends \$400 monthly on feed and \$ 3000 on fertilizer each year. He employs 4 permanent workers at a monthly wage of \$700 per worker and has administrative and office expenses of \$4000 annually. Using the appropriate format, prepare an income-expenditure statement for the farmer's production year. (25 marks)

4. A business produces the following balance sheet at the end of its financial year. Use the information below to answer the following questions;

a Define liquidity and solvency. Use two(2) appropriate ratios (for each) to determine the liquidity and solvency of the company. (17 marks)

b. If the company took a \$200000 loan at a 12% interest over 8 years to purchase new equipment what would happen to owner's equity and solvency? (8 marks)



Balance Sheet 31 December 1998

ASSETS:

Current Assets

- 1. Cash in hand 23000
- 2. Accounts receivable 19800

Total Current Assets 42800

Fixed Assets:

- Land 60000
- Buildings 180000
- Equipment 162000
- Vehicles 84000
- Long Term Investments 116000

Total Fixed Assets 602000

Total Assets 644800

Liabilities:

Current Liabilities:

- 1. Accounts payable 11000
- 2. Interest and principal 18800
due on long term loans

Total Current Liabilities 29800

Long Term Liabilities:

Long term Loans 415000

Total Long Term Liabilities 415000

Total Liabilities 444800

Owner Equity 200000

Total Liabilities and Owner Equity 644800

