

SIR ARTHUR LEWIS COMMUNITY COLLEGE
DIVISION OF AGRICULTURE

ASSOCIATE DEGREE IN GENERAL AGRICULTURE
2007/2008 ACADEMIC YEAR
END OF SEMESTER II EXAMINATION



COURSE: **Agribusiness Management ABM 216**
Time : 2 hours 30 mins

Date: **April, 2008**

Instruction: Do any five questions

#M39

1. Today, agriculture is a whole lot more than what happens on the farm. Agriculture has evolved into agribusiness systems that make significant contributions to economic growth and development.
 - (a) **Define** the term agribusiness system and list its constituents 6 mks
 - (b) **State three** ways in which government policy impacts the operations of agribusiness in St. Lucia 6 mks
 - (c) **State two** positive and two negative effects of globalization and trade liberalization on the agribusiness sector in St. Lucia. 8 mks

2. (a) **Define** the term "Cash Flow Budget" and state two of its uses 5 mks
 - (b) Mary and Peter live in Cannaries. Mary earns money from selling cassava, while Peter is a fisherman. They have a few chickens and two goats. They also have three children attending school. Peter expects to receive income over the year from selling fish as follows:
 - (i) \$400 each; - March, April, and October
 - (ii) \$600 each; - February, May, September, November
 - (iii) \$800 each; - January, December
 - (iv) \$1,200 each; - June, July
 - (v) \$1,800 each; - August

Mary usually gets money from cassava:

 - (i) \$300; - January
 - (ii) \$900 each; - June, July, August

They often sell small livestock and may get: \$600; - January, December
Monthly living expenses \$500;
School expenses \$300 each; - March, June, September, December
Boat maintenance \$200 each; - March, May, July
Boat license \$300; - November

Prepare a cash flow budget for Mary and Peter and advise the family on the best time to buy the new generator costing \$4,300. 15 mks

3. (a) **Define** the term "balance sheet" and state two of its uses 5 mks
 - (b) B. Mendes has the following items on his balance sheet as on March 31, 2008: capital \$18,900; Loan from T.bob \$2,000; Creditors \$1,600; Fixtures \$3,500; Motor vehicle \$4,200; Stock of goods \$4,950; Debtors \$3,280; Cash at the \$6,450; Cash in hand \$120; During the first week of April 2008 Mendes:
 1. Bought extra stock of goods on credit \$770.
 2. Got paid in cash \$280 from a debtor.
 3. Bought extra fixtures by cheque \$1,000.

Prepare: (i) a balance sheet as on April 7, 2008 after the above transactions have been completed. 10 mks

(ii) **Calculate one** (1) ratio to determine the liquidity and solvency of the business. Comment briefly on your results. 10 mks



4. As managers depend heavily for their success on building and keeping good labour relations, they should understand the response, discipline and behaviour of workers and make every effort at creating a good working environment for staff.
- (a) **Explain** the term labour relations. 2 mks
- (b) Suppose you are the manager of a firm, **state four** ways you would foster good labour relations. 4 mks
- (c) **Explain** the term span of control and show how it can impact negatively on manager-staff relations. 6 mks
- (d) **Explain** the term job satisfaction and comment on how it impacts labour productivity. 6 mks
5. (i) Complete the following table showing which accounts to be debited and which to be credited for each of the following transactions:

Account to be debited	Account to be credited
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- (a) Bought lorry for cash
- (b) Paid creditor M. Back, by cheque
- (c) Sold cabbages for cash
- (d) A loan of \$200.00 in cash is received from V. Hue
- (e) Put a further amount in the business by cheque 5 mks
- (ii) You are to complete and close the necessary accounts for the month ending May 31, 2008.
- (a) May 1 Started business with capital in cash of \$250.00
- (b) May 5 Bought goods on credit from: D. Ellis \$54; C. Jon \$80; D. Mac \$200; S. Paul \$66:
- (c) May 7 Sold goods on credit to: A.Cools \$400; F. James \$260; D. Kate \$120:
- (d) May 17 Paid rent in cash \$150
- (e) May 19 T.Key paid us \$150 by cheque
- (f) May 22 Paid for electricity by cheque \$98;
- (g) May 28 A. Cools paid in cash \$380; 10 mks
- 6 One of the functions of management is to control the operations of the whole farm as well as the individual enterprises to ensure efficiency and profitability.

- (a) **Explain** the term farm performance analysis. 2 mks
- (b) **List five** areas of investigation in conducting a farm business analysis. 5 mks

The following is information on two crops that can be planted on the same plot in the same season. Fixed costs are estimated to be \$450.00/acre.

Items	Local maize/acre	Hybrid maize/acre
Yield in kg/ha	1350 kg	2000kg
Price/kg	0.45	0.45
Variable costs		
Seeds	10.00	50.00
Manure	30.00	30.00
Fertilizer	0.00	45.00
Chemicals	0.00	15.00
Transport	15.00	30.00
Labour	70.00	90.00
Miscellaneous	40.00	98.00

- (i) **Compute** the gross margin of these two enterprises 10 mks
- (ii) **Compute** the average cost of production for each enterprise 4 mks
- (ii) **Suggest three** things that can be done to improve the gross margin of local maize. 3 mks



