

**FIJI NATIONAL UNIVERSITY****College of Agriculture, Fisheries & Forestry****School of Agricultural Sciences****Department of Agricultural Economics and Extension Education****Bachelor of Education - Agricultural Science****Trimester III Final Examination - 2016****AEC 603 Fundamentals of Farm Business Management****Time Allowed: 3.00 hours plus (10 minutes reading time) Total Marks: 100****INSTRUCTIONS:**

1. This paper consists of seven pages including two pages of Answer Sheet.
2. Please check that your paper has complete set of questions.
3. Answer all the Questions.
4. The paper is divided into three sections.
5. The Answer sheet for SECTION A is provided.
6. No written or printed material and mobile phones are allowed in the examination hall
7. Calculators are allowed.

I. SECTION A (35 Marks) to be answered only on the Answer Sheet.

PART I, Multiple choices - Attempt ALL questions (15 marks)

PART II, Fill in the blanks - Attempt ALL questions (10 marks)

PART III, True and False - Attempt ALL questions (10 marks)

II. SECTION B (35 Marks)

Provide short answers - Attempt ALL questions (35marks)

III. SECTION C (30 Marks)

Essay questions - Attempt ALL questions (30 marks)

11. The value of what is received from the goods sold; money coming into farm business.

- A. Revenue
- C. Credit

- B. Inventory
- D. Debit

12. Prepared as of a specific date, usually at the end of accounting period

- A. Balance sheet
- C. Current assets

- B. Revenue
- D. Current liabilities

13. Financial plan for a Farm business;

- A. Debit
- C. Assets

- B. Budget
- D. Ledger

14. Amounts that are owed or debt; examples include accounts payable and mortgages.

- A. Capital
- C. Liabilities

- B. Assets
- D. Debt

15. The directing function includes the following:

- A. Supervising
- C. Leading and Motivating

- B. Guiding
- D. All of the above

SECTION A PART II Fill in the blanks (10 Marks)

1. _____ are resources used in the production process, eg feed, materials, labour and machinery, measured in physical or financial terms.
2. _____ classification includes all types of production including agricultural production of crops and livestock , as well as forestry.
3. _____ It is the process by which a course of action is consciously chosen from the available alternatives for the purpose of achieving the desired results.
4. _____ is any scheme of action prepared in advance to attain the set objectives.
5. _____ planning is the overall planning of the enterprises objectives determined by the management.
6. _____ expenses that do not fluctuate with output volume within a relevant time period.
7. _____ is difference between the selling price and the “cost” of a product or service.
8. _____ assets that can be sold easily to generate cash are called liquid assets
9. An _____ _____ is a summary of revenue and expenses recorded over a period of time.
10. _____ _____ the amount by which revenue exceeds expenses, plus any gain or loss on the sale of capital items

SECTION A PART III True or False (10 marks)

1. Power is defined as the ability of a person to influence another person to perform an act.
2. Motivation may be financial or non-financial.
3. Functions of management are, Planning, Implementation, Directing and Adjustment.
4. It is not necessary to estimate value of assets prior to constructing a balance sheet.
5. Accounting period can either a calendar year or a fiscal year.
6. Balance Sheet is the summary of revenues and expenses as recorded over time.
7. Control means the power or authority to direct, order or restrain.
8. Gross margin represents the remainder after cost of goods sold has been subtracted from sales.
9. Break-even is forecasted unit volume times selling price.
10. Sales are the unit or dollar sales at which an organization neither makes a profit nor a loss.

SECTION B Short answers (35 marks)

1. List 3 ways in which the Owner equity changes (3 marks)
2. List and describe the six P's of planning. (4 marks)
3. Provide a format or example of a farm balance sheet (4marks)
4. Define solvency and liquidity (4 marks)
5. Describe the Nature of Communication (5 marks)
6. Define types of leaders (5 marks)
7. List and define the qualities of a Good Supervisor (5 marks)
8. Compare the three forms of business organisation in terms of number of owners, ease of formation degree of financial risk, Ability to borrow funds , and legal requirements (5 marks)

SECTION C

Essay (30 marks)

There are two questions in this section. One question is worth 15 marks.

1. Depreciation

Describe two methods for Depreciation methods. A tractor costs \$80,000, a salvage value of \$5,000, and a useful life of 15 years. R is 20%. Calculate depreciation using both the methods learned in the class. What will be value of tractor at the end of 10 years?

2. Break-even analysis.

For a farm enterprise; the annual fixed expenses to run the farm are \$60,000 and variable expenses are \$20 per unit. The sale price of your product is \$50 per unit.

- Use the equation method to determine the number of units to be sold to break-even point.
- Determine the break-even point in dollars
- Plot a graph to show the break-even point.

Hint; Sp = Sales price per unit.

Q = Number (quantity) of units to be manufactured and sold during the period.

Ve = Variable expenses to manufacture and sell a single unit of product.

Fe = Total fixed expenses for the period.

THE END

ANSWER SHEET SECTION A

Date:

Marks obtained:

Name:

Student I D No.:

BEd Yr. 2, Trimester III, Final Examination-2016

Course No. & Title: AEC 603 Fundamentals of Farm Business Management

SECTION A - Answer Sheet

PART I	1.		
	2.		
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PART II	1		
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PART III	21.		
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SECTION B and SECTION C

Students to be provided with ruled pages for writing answers.