



FIJI NATIONAL UNIVERSITY

College of Agriculture, Fisheries & Forestry

School of Agriculture

Department of Crop Production

Trade Diploma in Agriculture

Trimester II Final Examination - 2017

AEC505: Farm Business Management and Agricultural Marketing

Time Allowed: 3.00 hours plus (10 minutes reading time) Total Marks: 100

INSTRUCTIONS:

1. This paper consists of (6) pages and (52) questions.
2. Please check to see that all your paper is complete.
3. Answer Part I and Part II and Part III in the Answer Booklet provided.
4. No written or printed material and mobile phones are allowed in the examination hall.
5. Marks allocated for each question appears at the beginning of each question so allocate your time accordingly.
6. This paper is divided into Three Parts. Part I contains three Sections – A, B, C and D. All questions of this part are compulsory. Part II contains seven (7) Short Answer questions. Attempt ALL 10 questions. Part III contains five (5) long answer questions. Attempt only four (4) out of five (5) of the questions.

PART:

I. OBJECTIVE TYPE QUESTIONS (40 Marks)

To be answered ONLY in the Answer Booklet provided.

Section A: Multiple choice Questions. (10 Marks)

Section B: Matching type. (10 Marks)

Section C: True or False. (10 Marks)

Section D: One Word Answer Questions. (10 Marks)

II. Short Answer Questions

To be answered ONLY in the Answer Booklet provided (20 marks)

III. DESCRIPTIVE TYPE QUESTIONS (40 marks) To be answered ONLY in the Answer Booklet provided

There are five (5) descriptive type questions provided. Please attempt ONLY four (4) out of five (5) questions only. Answer in the Answer Booklet provided. Answer every question on a new page to facilitate evaluation.

PART I OBJECTIVE TYPE QUESTIONS (30 Marks)

To be answered ONLY in the Answer Booklet provided.

Section A: Multiple choice Questions.

This section consists of 10 questions. Each question is worth one mark each.

1. Depreciation is:
A an expense
B a return
C a profit
D a loss
2. Salvage value is:
A remaining value
B useful value
C residual value
D original value
3. In declining balance method depreciation value per year:
A remains the same
B increases
C decreases
D fluctuates
4. A feature of transitional agriculture is:
A increase in farm size
B low productivity
C low risk
D produce own inputs
5. A component of planning in the functions of management is:
A monitoring the plan.
B see that the plan works according to the plan.
C put the plan in action.
D establish goals.
6. One purpose of a record is to:
A provide competition.
B use computer software.
C assist in obtaining loans.
D promote the office manger.

7. An investment activity is:
A purchasing
B planting
C borrowing money
D produce innovation
8. A liability is what a company:
A owes to a debtor
B owes to a creditor
C owes to the owner
D owes to all of the above
9. Capital is what a company:
A owes to a debtor
B owes to a creditor
C owes to the owner
D owes to all of the above
10. Accounting period can be:
A a calendar year only
B a fiscal year only
C a calendar year or fiscal year
D none of the above.

(10 Marks)

Section B: Write True or False beside the number of the question in the Answer Booklet provided. DO NOT WRITE THE WHOLE STATEMENT

(10 marks)

11. A Balance Sheet is a systematic listing of everything owed and owned by a business.
12. Assets should always equal liabilities plus owner's equity.
13. One should always make more than one plan in the planning stage.
14. Risk Bearing is a facilitating function of marketing.
15. An enterprise budget takes into account fixed assets .
16. The account format lists assets and liabilities and owner's equity in a vertical format.
17. The mission of a business is a short description of why a business exists.
18. Marketing is not selling.

19. Partial budgets only consider enterprise substitution .
20. Cashflow budgets do not consider fixed costs.

Section C: Matching type. Match the words/phrases in Column A with word/phrases in Column B. Answer in the Answer Booklet provided. ONLY MATCH THE ROMAN NUMERAL WITH THE APPROPRIATE LETTER AND WRITE AGAINST THE QUESTION NUMBER.

(10 Marks)

		Column A		Column B
21	I	Inventory	A	Does not change with production
22	II	Sole proprietorship	B	Measures how quickly assets can be turned into cash
23	III	Yield	C	One owner
24	IV	Fixed cost	D	Person who owes you money
25	V	Creditor	E	Traditional/Subsistence farming system
26	VI	Liquidity	F	Fixed Asset
27	VII	Debtor	G	Production
28	VIII	Farm Structure	H	Direct cost
29	IX	Useful Life	I	Stock
30	X	Account payable	J	Person who you owe money to

Section D: Ten One Word Answers.

Answer in the answer booklet provided. Do not write the whole statement. ONLY WRITE THE MISSING WORD IN THE ANSWER BOOLET PROVIDED. Each question is worth 1 mark each

- 31 Method of accounting where money is recorded when it is earned is known as accounting system.
- 32 Method of accounting where money is recorded when it is received is known as accounting system.
- 33 A budget is useful for quick decisions on the farm.
- 34 Abudget shows the difference between a current situation and a proposed situation.
- 35 Budgets are supposed to predict the
- 36 Accounts are supposed to record the
- 37 Working capital shows the margin.
- 38 Specific, Measurable, Achievable, Realistic and Timebound objectives are known as objectives.
- 39 Supplier is an example of the marketing environment.

40 Budgets are estimates of income and

(10 marks)

Part II Mix of seven (7) Short Answer Questions. Each question is not of equal value. Answer in the answer booklet provided. This section is worth (20 marks)

- 41 What is the difference between a parametric budget and a breakeven budget? (4 marks)
- 42 What is the current ratio? (2 marks)
- 43 If a business person's debt to equity ratio is one what does this mean? (3 marks)
- 44 What is a vision? (1 mark)
- 45 What are three different business ownership structures in Fiji and identify which business situation would best suit each structure? (5 marks)
- 46 Why is depreciation important in analyzing fixed costs? (2 marks)
- 47 With the help of an example differentiate between strategic management and tactical management. (3 marks)

III DESCRIPTIVE TYPE QUESTIONS (40 marks)

There are five (5) descriptive type questions provided. Please attempt **ONLY** four (4) out of five (5) questions only and write on the Answer Booklet provided. Answer every question on a new page to facilitate evaluation.

- 48 Calculate gross margin from the following information. Items are not in any particular and **NOT ALL ITEMS** will be included in the gross margin.
- | | | |
|----------------------|---|-----|
| Insurance | - | 400 |
| Permanent labour | - | 300 |
| Chemicals | - | 400 |
| Casual labour | - | 200 |
| Transportation | - | 500 |
| Tractor depreciation | - | 50 |
| Land rent | - | 120 |
| Packaging | - | 100 |
| Seeds | - | 234 |
- Yield obtained is expected to be 3000kg sold at 90c/kg

(10 marks)

49 Discuss the 4 P's in the Marketing mix.

(10 marks)

50 Discuss marketing problems and opportunities for an agricultural commodity.

(10 marks)

51 Discuss the functions of management.

(10 marks)

52 Contrast any two budgets of your choice.

(10 marks)

THE END