



College of Agriculture, Fisheries and Forestry

School of Agricultural Sciences and Forestry

Department of Crop Production

Bachelor of Science Agriculture – Year 3

Final Examination - Trimester 2 - 2019

AEC 702 – Agribusiness Decision Making Analysis

Time Allowed: 3 hours (An extra 10 minutes is allowed for reading this paper) Total marks: 100

INSTRUCTIONS

1. This paper has 3 sections. Sections A and B are compulsory. **Notes choices in section C.** The paper has 7 pages.
2. Answer all your questions in the answer booklet provided.
3. Begin each question on a new page.

Summary of questions

Section	Guideline	Total Marks
A	There are 10 multiple choice questions. Attempt all.	10
B	There are 3 short answer type questions. Each question carries 10 marks. Attempt all.	30
C	There are 7 essay type questions. Answer any 6 questions only. Each question carries 10 marks.	60

Turnover

Section A

Multiple Choice

(10 marks)

The multiple choice questions in this section are compulsory. Each question is worth 1 mark. In your answer booklet, write the alphabets that best represents the answer beside each numeric's.

1. _____ is the sum total of all operations involved in the manufacture and distribution of farm supplies, production activities on the farm, storage, processing and distribution of farm commodities and items made from them is known as:

- A. Microeconomics
- B. Macroeconomics
- C. Agribusiness
- D. Normative economics

2. Refer to the statement given below and answer the question that follows.

“Our daily requirements of food and fiber products at desired place in required form and time come from efficient and hardworking business personnel in input, food production and in marketing sector”.

The statement given above best describes the:

- A. nature of Agribusiness.
- B. structure of Agribusiness.
- C. dimension of Agribusiness.
- D. scope of Agribusiness.

3. _____ is when one firm assumes several functions which do not have any relationship in an agribusiness entity.

- A. Conglomerate integration
- B. Vertical integration
- C. Horizontal integration
- D. None of the above

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4. _____ is decision making process through which purpose and objectives of business firms or organizations or human groups are determined, clarified and effectuated.
- A. Human resource management
 - B. Management
 - C. SWOT analysis
 - D. None of the above
5. Which of the following listed below is not an example of functional approach of management?
- A. Planning.
 - B. Organizing.
 - C. Autocracy.
 - D. Motivating.
6. In the body of management knowledge, “_____ *is the muscle*” and it allows the other functions to move in the desired direction.
- A. communicating
 - B. controlling
 - C. coordinating
 - D. planning
7. _____ defined as the process of filling the positions in an organization structure through identifying work-force requirement.
- A. Human resource management
 - B. Recruitment
 - C. Placement
 - D. None of the above

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8. The type of budget which is prepared to measure the change in the income and expenses that comes about as a result of switching from one enterprise to another is known as:
- A. enterprise budget.
 - B. partial budget.
 - C. cash flow budget.
 - D. profit and loss statement.
9. Is the estimate of all cash receipts and all cash expenditures that are expected to occur during a certain time period?
- A. Partial budget.
 - B. Enterprise budget.
 - C. Cash flow budget.
 - D. None of the above.
10. _____ is a valuation performed by lenders that determines the possibility a borrower may default on his debt obligations.
- A. Sustainability
 - B. Accountability
 - C. Feasibility
 - D. Creditworthiness

Section B:

Compulsory

(30 marks)

There are 3 short answer type questions in this section. Each question carries 10 marks.

Question 1

(10 marks)

1. In agribusiness, evaluate your understanding as how farm input sector is different from farm product sector. **(3m)**
2. Evaluate your knowledge on the concept "investment analysis". **(4m)**

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3. Demonstrate your understanding on the following agribusiness terms:
- Vertical integration.
 - Horizontal integration.
 - Conglomerate integration. **(3m)**

Question 2

(10 marks)

- Demonstrate your understanding as how partial budget could help farm managers in their decision making process. **(3m)**
- One of the scope of agribusiness is that it provides forward and backward linkages in farm business sector. Identify both of these linkages and briefly explain each in detail. **(3m)**
- Agribusiness is always market oriented. Discuss. **(4m)**

Question 3

(10 marks)

- Objectives in agribusiness enable the managers to plan, organize, direct and control the business and other resources in proper direction. Identify at least 3 characteristics of well stated objectives that could help managers in achieving their intended outcomes. **(3m)**
- Distinguish short range objective from long range objective with suitable agribusiness example. **(3m)**
- Generate your knowledge on importance of cash flow budget. **(4m)**

Section C

There are 7 essay type questions in this section. Each question carries 10 marks. **Answer any 6 questions only.**

Question 1

(10 marks)

Discuss agribusiness in line with following points given below.

- Definition and 3 sectors of agribusiness.
- Importance of agribusiness.
- Scope of agribusiness.

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Question 2**(10 marks)**

Utilize your knowledge and elaborate on 4 types of land tenure system in Fiji. Generate your understanding as how each of these types affects agricultural industry.

Question 3**(10 marks)**

Using the information provided below, prepare balance sheet for Mr. A. Bose's dairy farm as at 31st December, 2018, situated in Waila Nausori.

Cash - \$10,000	Insurance - \$2000	Buildings - \$5000	Repairs - \$3500
Savings & cheque account - \$8000	Veterinary bills - \$3000	Account receivable - \$8500	Livestock machineries - \$5000
Livestock feed - \$1500	Wages - \$5500	Credit card balance - \$3000	Depreciation - \$2800
Consumables - \$1000	Culled steers - \$5000	Loan - \$9000	

Question 4**(10 marks)**

Discuss planning in line with topics given below:

- Definition and 3 types of planning.
- Characteristics of good plan.
- 5 steps in planning process.

Question 5**(10 marks)**

You are a recipient of \$20,000 cash grant from Fiji Development under current agricultural development scheme in place. With this money in hand you wish to switch from current 5 acre of ginger farming to small scale poultry production. **Draw up a partial budget** to reflect the changes in income and expenses as a result of this switch from ginger to poultry.

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Question 6**(10 marks)**

The information given below shows the outlay of 2 projects A and B. The initial outlay of both the projects are \$1500 and cash inflows are projected as such from years 1 -4. Assuming the cash inflows are occurring at the end of each year. Find out the NPV for these projects if cost of capital is 5% for both the projects. State which project is more viable if both these projects are mutually exclusive?

Year	Project A	Project B
0	-1500	-1500
1	500	150
2	400	200
3	300	250
4	200	300

Question 7**(10 marks)**

The creditworthiness of an individual or company is determined by several businesses who have established credit rating systems. Identify and discuss 4 easy ways of improving credit worthiness of a business entity.

The End