

WARNING

This Question Paper must be returned with your answer book(s) at the end of the Examination, otherwise marks will be lost.

Write your Examination Number here ⇒



Coimisiún na Scrúduithe Stáit State Examinations Commission

LEAVING CERTIFICATE EXAMINATION, 2009

WEDNESDAY, 17 JUNE 2009 - MORNING 9.30 – 12.00

AGRICULTURAL ECONOMICS – ORDINARY LEVEL (320 marks)

Answer **fifteen** questions from Part I and **four** questions from Part II. You should not spend more than one hour on Part I.

PART I (120 marks)

Answer **fifteen** questions.
Write the answers in the spaces provided.
All questions carry equal marks.

PART II (200 marks)

Answer **four** questions.
Write the answers in your answer book(s).
All questions carry equal marks (50 marks).
Do **not** write answers to Part II on this question paper.

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK(S)
USED TO ANSWER THE QUESTIONS IN PART II.**

PART I (120 marks)

Answer **fifteen** questions.

Write the answers in the spaces provided.

All questions carry equal marks.

1. Name **two** organisations which promote the interest of Irish farmers:

(i) _____

(ii) _____

2. State **two** advantages of agricultural exports for the Irish economy:

(i) _____

(ii) _____

3. Complete the food chain for pork in the spaces provided:



4. The Net Worth on a farm balance sheet equals Total Assets minus _____.

5. State **two** services provided by Teagasc to Irish farmers:

(i) _____

(ii) _____

6. The following figures are from the books of a farmer's accounts on 31 December 2008:

Fixed Assets €250,000 Current Assets €100,000 Liquid Assets €40,000 Current Liabilities €20,000.

From the above figures, calculate the Liquidity Ratio. Show your workings.

Answer:

Workings:

7. Fill in the **three** other components (Ps) of the marketing mix in the spaces provided:

			PLACE
--	--	--	--------------

8. Explain why grants are available to Irish farmers under the BioEnergy Scheme.

9. Approximately _____ % of Irish farmers are part-time farmers.

10. Complete the following sentence:

Gross Margin minus _____ equals Family Farm Income.

11. State **two** factors today's consumer would consider when purchasing agricultural food products.

(i) _____

(ii) _____

12. State the Factor of Production which earns a wage. _____

13. The estimated value of agricultural output in Ireland is: (Tick (✓) the appropriate box)

€1.7 bn €3.7 bn €5.7 bn

14. Explain the term '**Depreciation**' in a farmer's accounts. _____

15. Indicate whether the following are Competing Products or Joint Products:

(i)	Mutton and wool	
(ii)	Wheat and barley	
(iii)	Grain and straw	

16. In the agricultural industry, the actions of an individual farmer cannot affect market prices.

As a result, the individual farmer is said to be a _____.

17. State **two** factors which could make it difficult for farmers to borrow in the current economic environment:

(i) _____

(ii) _____

18. Explain the term Super Levy with reference to milk production. _____

19. What is the **Disadvantaged Area Scheme**? _____

20. State **two** effects of the recent fall in the value of Sterling (£) on Irish agriculture.

(i) _____

(ii) _____

Remember to return this question paper with the answer book(s) used to answer the questions in Part II.

PART II (200 marks)

Answer **four** questions.

Write the answers in your answer book(s).

All questions carry equal marks (50 marks).

Do **not** write answers to Part II on this question paper.

1. (a) Explain what is meant by the term **marketing**.
- (b) Marketing efficiency in agriculture is restricted by the following characteristics of the industry:
- (i) The structure of farming;
 - (ii) The nature of the products.

Explain how **each** of the above characteristics restricts marketing.

- (c) Explain **two** methods which farmers could use to overcome these restrictions.

[50 marks]

2. (a) A beef farmer, who wishes to expand his farm, plans to rent some more land and buy extra livestock. He already has adequate buildings but will have additional spending on machinery, wages and feedstuffs.
- (i) Explain clearly Fixed Costs **and** Variable Costs in farming.
 - (ii) Outline whether **each** of the four payments underlined above are examples of fixed costs or variable costs.
 - (iii) Some costs may be fixed for short periods up to a month but variable over a longer period such as a year. Explain, with an example, how this might happen.
- (b) Explain the implications of the recent increases in animal feed costs for Irish beef production.

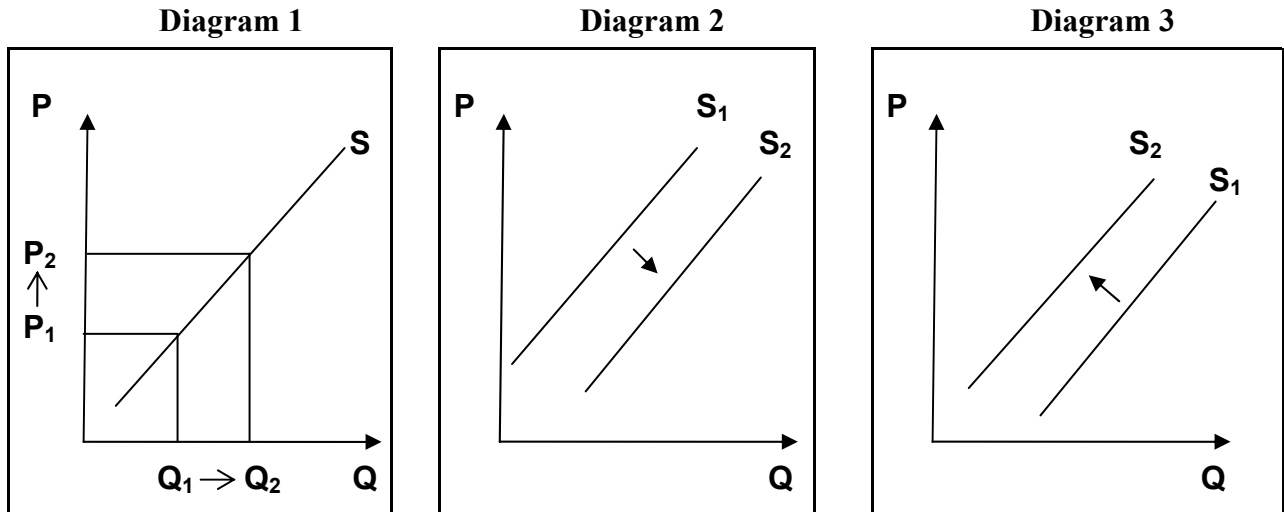
[50 marks]

3. Distinguish between the items in **each** of the following pairs:

- (a) Viable and non-viable farmers
- (b) Cost-push inflation and demand-pull inflation
- (c) Secured loan and unsecured loan
- (d) Capital Gains Tax and Value Added Tax.

[50 marks]

4. The three diagrams below represent changes in the market supply of barley.



Three of the following developments are represented by the above diagrams:

- (i) A very wet spring and summer;
- (ii) The cost of barley seed falls considerably;
- (iii) There is a fall in the market price of barley;
- (iv) The market price of barley increases.

(Note that one of the developments does not match any of the diagrams.)

- (a) Match each diagram with the appropriate development from the list above. In **each** case, explain why the supply reacts as illustrated on the diagram.
- (b) (i) State **two** other factors that might affect the supply of barley.
- (ii) Explain, with the aid of diagrams, how **each** of these factors affect supply.

[50 marks]

5. The recent *World Trade Organisation* talks sought to increase the level of food imports from non EU countries.

Explain the impact of this possible change in policy on:

- (i) Irish farmers
- (ii) Irish consumers
- (iii) EU agriculture.

[50 marks]

6. The following is a quarterly cash flow budget for a farm for 2010:

Quarterly Cash Flow Budget for a farm for the year 2010

	Jan-Mar	Apr-Jun	July-Sept	Oct-Dec	Total
	€	€	€	€	€
Receipts					
Milk	33,000	56,000	42,000	35,500	166,500
Calves, cows & cattle		15,000	13,500		28,500
Single Farm Payment				19,500	19,500
A. Total Receipts	33,000	71,000	55,500	55,000	214,500
Payments					
Livestock purchases		7,000			7,000
Machinery & equipment		65,000		29,000	94,000
Machinery operating expenses	3,500	3,500	6,000	5,500	18,500
Feedstuffs	3,000	4,500	1,450	4,250	13,200
Petrol & diesel	2,500	2,500	2,500	2,500	10,000
Electricity	1,400	1,000	1,000	1,400	4,800
Loan repayments	7,500	7,500	7,500	7,500	30,000
Household expenses	4,000	4,000	4,500	4,500	17,000
B. Total Payments	21,900	95,000	22,950	54,650	194,500
<i>Net Balance (A – B)</i>	11,100	-24,000	32,550	350	20,000
<i>Opening Balance</i>	5,000	16,100	-7,900	24,650	5,000
<i>Closing Balance</i>	16,100	-7,900	24,650	25,000	25,000

- (a) (i) State **two** reasons why a farmer would prepare a cash flow budget.
- (ii) What is the main source of income for the above farm?
- (iii) Explain the term ‘Single Farm Payment’ as shown in the Cash Flow Budget above.
- (b) (i) State which quarter will be the most difficult for the farm. Explain clearly the reason for your answer.
- (ii) Explain how the farmer could overcome this difficulty.

[50 marks]

Remember to return this question paper with the answer book(s) used to answer the questions in Part II.

Blank Page

Blank Page