

- ii) Equi-marginal returns states that limited amount of resources should be collected in such a way that the marginal returns to those resources is the same in all alternatives to which they are put.

Question 27 (b)

The following accounts information is from Mrs Mbuta's farm for the year ending 31-12 2003

Opening valuation	Ksh	6,000/-
Paid wages	Ksh	5,000/-
Bought equipment worth	Ksh	8,000/-
Bought pig feeds worth	Ksh	4,000/-
Sold mature pigs worth	Ksh	7,000/-
Bought drugs worth	Ksh	3,200/-
Sold maize worth	Ksh	3,000/-
Sold piglets worth	Ksh	4,000/-
Closing valuation	Ksh	4,000/-

- (i) Using the information above, prepare a profit and loss account for Mrs Mbuta's farm. (3½ marks)
- (ii) From the calculations in (i) above, state whether Mrs Mbuta made a profit or a loss. (½ mark)

Weakness

The question is very clear. The problem could have been lack of revision by the candidates or lack of teaching by the teacher.