

- 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. (3<sup>1</sup>/<sub>2</sub> marks)
- (ii) From the calculations in (i) above, state whether Mrs Mbuta made a profit or a loss. (1<sup>1</sup>/<sub>2</sub> 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.