

ABSTRACT

This study examines the Cost-Revenue situation and profitability of existing coconut and beef cattle farms, evaluates the financial viability of three model farms and determines their credit requirements.

Data on cost and returns were collected from existing coconut and beef cattle farms. Cost accounting techniques were used to analyse the cost and revenue structures and to derive the profitabilities of those farms. By assuming the general conditions of the existing coconut and beef cattle farms, three farm models of the same type were synthesised and their projected profitabilities determined, by use of the internal rate of return. Finally, the developmental credit need of these farms was estimated, by inspection of their undiscounted net annual cash flows.

The analysis suggests that both existing and model coconut and beef cattle farms were profitable. Moreover, the synthesised farms did not require short term credit and needed only small amounts of development credit.

Several problems are associated with the enterprise, however, the most important being the destruction of young coconut trees by cattle. This causes an unwillingness on the part of farmers, to carry out their replanting programmes and can lead to the long run destruction of the coconut industry, if the trend continues. Accordingly the study makes recommendations necessary to effect a change in the non-planting trend.