



# MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

SECOND YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT AND TRADE

AGB 310: FARM BUSINESS MANAGEMENT

DATE: 24/7/2019

TIME: 2.00-4.00 PM

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## INSTRUCTIONS:

Answer ALL questions in SECTION A and any other TWO questions in SECTION

### QUESTION ONE (30 MARKS)

- a) Define the following terms
  - i) Capital (2 marks)
  - ii) Farm layout (2 marks)
  - iii) Marginal rate of substitution (2 marks)
- b) What are the goals of farm management (5 marks)
- c) Explain importance of complete budgeting to a farmer (4 marks)
- d) There are key performance measures driven by three critical issues facing every farmer. Discuss these issues. (6 marks)
- e) Discuss uses of a farm data (3 marks)
- f) What are the objectives of farm accounts (6 marks)

### QUESTION TWO (20 MARKS)

- a) What are causes of price instability in agriculture (2 marks)
- b) Explain uses of cash flow budgeting (6 marks)

- c) Discuss the factors to consider in selection of farm enterprises which vary in relative importance according to the system of farming and specific facilities and resources on a given farm. (12 marks)

**QUESTION THREE (20 MARKS)**

- a) Explain the various types of farm enterprises in relation to relative contribution to the farm income and resource allocation. (10 marks)
- b) Discuss steps involved in farm planning process (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain the information needed for program planning (8 marks)
- b) Discuss and give at least an example in each case the characteristics upon which decisions are classified in farm management (12 marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain assumptions of linear programming (8 marks)
- b) Discuss importance of farm management (12 marks)