MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

THIRD YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION

AGB 310: FARM MANAGEMENT

DATE: 28/11/2019   TIME:2.00-4.00 PM

INSTRUCTIONS;
Answer ALL questions in section A and ANY TWO questions in section B

SECTION A: 30 MARKS

QUESTION ONE (30 MARKS)

a)   Define the following terms

i.	Planning	(1 mark)
ii.	Economic efficiency	(1 mark)
iii.	Risk	(1 mark)
iv.	Farm data	(1 mark)
v.	Opportunity cost	(1 mark)

b)   i   Describe three advantages of using ICT in farm management   (3 marks)

      ii   Explain two factors that are considered in a farm layout   (2 marks)

c)   Explain two important questions related to farm operation decisions   (4 marks)

d)   i   Describe three methods of dealing with risk within a farm   (3 marks)

      ii   Describe two limitations of partial budgeting   (2 marks)

e)   i   Describe three types of Farm records used in farm management.   (3 marks)

      ii   Explain the term "resources" as used in agriculture production   (3 marks)

f)   i   Describe three techniques used in a typical farm management   (3 marks)

      ii   Explain two disadvantages of land fragmentation   (2 marks)

SECTION B: 40 MARKS

QUESTION TWO (20 MARKS)

a)   Describe five disadvantages of farm records and accounts in Farm management (10 marks)

b)   The following information relates to Kwetu farm for the year ended December 2019.

Item	Value (Kshs)
Barley sales	100,000
Hay sales	90,000
Cassava sales	45,000
Fertilizer costs	35,000
Seed costs	15,000
Machine hire	20,000
Machinery depreciation	4,060
Labour costs	16,000
Livestock feed cost	26,000
Interest on debt	3,000
Insurance	2,700

Required

     i.   Compute the Gross margin for Itibo farm for the year 2019   (5 marks)

     ii.   Compute the Net farm income for Itibo farm for the year 2019   (5 marks)

QUESTION THREE (20 MARKS)

a)   Describe five steps that are followed in decision making by a Farm manager (10 marks)

b)   Nyota Dairies ltd has identified a project in which powder milk will be used to produce *Yogurt*   product and ice cream. The initial investment is estimated at Ksh4 million. The useful life of the project is estimated to be 6 years after which it will be taken over by the mother company in Machakos. The cost of capital is estimated at 12%.The expected inflows are as follows:

Year	1	2	3	4	5	6
Inflows (Ksh)	0	225,000	900,000	1,650,000	4,750,000	2,650,000

     Calculate the expected payback period   (10 marks)

QUESTION FOUR (20 MARKS)

a)   Describe five effects of farm size on efficiency of farm operations   (10 marks)

b) The following information is provided for Kesho farm for the financial year ending on June, 2019.Prepare an Enterprise budget for Beans for the financial year ending on June, 2019.

(10 marks)

Particulars	Amounts (ksh)
A. Returns	
1. Main product	6277
2. By product	524
3. Gross return	6801
B. Cost	
1. Land revenue	21
2. Seed	1245
3. Manure and fertilizer	530
4. Plant protection chemicals	98
5. Irrigation charges	190
6. Machine power	206
7. Bullock power	304
8. Human labour	1617
9. Interest on working capital	128
10. Depreciation on building and machinery	152
11. Interest on fixed capital	725

QUESTION FIVE (20 MARKS)

a) Describe five steps followed in collection of data in the farm (10 marks)

b) i Explain five advantages of division of labour in farm operations (5 marks)

ii Explain two economic principles taken into consideration in farm management

(5 marks)