

**SPECIFY TYPE OF
EXAMINATION**

FIRST ATTEMPT
FIRST RESIT
SECOND RESIT
RE-TAKE



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL AGRICULTURAL AND FOOD SCIENCES**

**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF AGRIBUSINESS MANAGEMENT
YEAR 4 SEMESTER 2 ACADEMIC YEAR 2021/2022
SIAYA CAMPUS**

COURSE CODE: AEB 1414

COURSE TITLE: FARM MANAGEMENT

DATE:

STREAM: (BSc. Agribusiness Mgt & AGED)

TIME: 2 HOURS

SESSION:

Instructions:

- 1. Answer ALL questions in Section A and B and ANY other TWO questions in Section C**
- 2. Tick the most correct alternative in Section A.**
- 3. Candidates are advised not to write on the question paper**
- 4. Candidates must hand in their answer booklets to the invigilator while in the examination room**



Registration No.....

SECTION A: 20 Marks (Each question carries 2 mark)

NB: These are multiple choice questions with four choices, A, B, C, and D and the candidate is supposed to tick the correct answer.

Q1a) The production and marketing of agricultural goods poses certain peculiar problems for the producers. This is mainly because the agricultural goods possess certain unique characteristics. For example:

- A. Production can be done throughout the Year
- B. Due to continuous demand of Agricultural produce, prices are always low
- C. Only Women, Children, and the Elderly are involved in Agricultural production and marketing
- D. Agricultural goods have inelastic demand, and are bulky in nature

Q1b) Farm management is becoming popular in the present world. Its scope is very wide and increasing year after year. Agriculture is modernizing and to carry out agriculture successfully:

- A. One needs a huge amount of Capita for the initial investment
- B. knowledge of farm management is a pre-requisite
- C. The most limiting resource for advancement is land and labour
- D. Government subsidies to cushion Actor in the Input value chain is a requirement

Q1c) The subject of farm management consists of:

- A. Production Economics, Agricultural Policy Analysis and Mathematics
- B. Farm Machinery, Fruit Orchards, and Livestock production
- C. Research, Teaching, and Extension
- D. Agricultural Marketing, International Trade, and Imports



Registration No.....

Q1d) The basic principles of Farm Management include the following aspects:

- A. Consumption, Corporate Social Responsibility, and Effective production B. Planning, Evaluation, Monitoring and Implementation C. Objective Identification, Needs Assessment, and Implementation D. Planning and Control, Organisation, Co-ordination, and Motivation

Q1e) The concept of agriculture is changing from just a way of life to a business proposition. There are many branches of agriculture which among others include:

- A. agricultural economics, crop science, soil science, animal science, and agricultural engineering B. Mathematics, Languages, Sociology, and Political Science C. Animal Science, Soil Science, and Anthropology D. Agribusiness, Econometrics, and Statistical Methods

Q1f) A Farmer had the following information from the Family Passion Fruit Enterprise: One (1) Hectare produces 2500 kilograms of Passion fruit sold at KES 334.086/-. Expenses incurred during the Accounting period included: Fertilizers KES 36,000/-, Transport 26,400/-, Taxes paid KES 1400/-, Salary 72,000/-; Agrochemicals 15,500/-, Storage KES 12,500/-; Interest paid KES 12,000/-, Electricity charges KES 19,000/-, Insurance KES 4500/-, Drying expenses KES 3200/-, Hired Labour KES 16,000/-, Cess charges KES 1500/-, Repairs KES 2300/-, and Land charges KES 10,500/-.

With the information given above, compute the Income Above Variable Costs (IAVC) for the Family Agribusiness Enterprise

- A. KES 232,800/- B. KES 835,215/- C. KES 704,315/- D. KES 130,900/-

Q1g) Calculate the Break Even price for the produce: A. KES 696.83/- B. KES 232,800/- C. KES 334.1/- D. KES 93.12

Q1h) Compute the Estimated Profit for the Enterprise: A. KES 602,415/- B. KES 704,315/- C. KES 835,215/-

D. KES 733,315/-



Registration No.....

Q1i). What was the total Fixed cost for the Enterprise: A. KES 130,900/- B. 232,800/- C. KES 704,315/-
 D. KES KES 101,900/- √

Q1j) The four (4) components of an Enterprise Budget are: A. Physical Count, Inventory, Estimated Profit B. Source of Income, Estimated Profit, Credit, and Debit C. Debit, Fixed Costs, Product Sales, and Increases in Inventory
 D. Estimated Income, Fixed Costs, Source of Income, and Variable Costs

SECTION B: 30 Marks

The candidate is supposed to attempt all questions in this section. Answers must be precise and concise.

Q2. SAFS – Siaya Farm had the following information in the financial records of the Accounting period ending 31st December 2021:

S/No.	Item	Value (KES)	S/No.	Item	Value (KES)
1.	Total produce sales	1,3255,000/-	10.	Transport expenses	27,315/-
2.	Fertilizer expenses	84,000/-	11.	Insurance	11,500/-
3.	Taxes paid	14,115/-	12.	Repairs	18,400/-
4.	Hired labour	44,500/-	13.	Purchase of a New Asset (Farm Equipment)	625,000/-
5.	Miscellaneous Sales	28,365/-	14.	Storage expenses	7,500/-
6.	Disposal of a used Asset (old Tractor)	314925/-	15.	Interest paid	5,500/-
7.	Depreciation expenses	15,650/-	16.	Electricity expenses	17,000/-
8.	Agro-Chemical expenses	31,120/-	17.	Cess charges	8,200/-
9.	Salary	84,000/-	18.	Pasture Maintenance	6,250/-

a) Use your Knowledge of Farm Management and prepare an Income Statement for SAFS Farm for the Accounting period ending 31st December, 2022 employing the Profit/Loss method **(20 Marks)**



Registration No.....

- b) What was the Net Business Income at the end of the Accounting period? **(5 Marks)**
- c) Compute the total Credit for the SAFS Farm **(5Marks)**

SECTION C: 20 Marks

These are long answer questions.

There are a total of three (3) questions, each carrying ten (10) marks. A candidate is supposed to answer any two (2) questions.

Q3. Assume the market price of a piece of Commercial land is valued at KES 6,000,000/- and the land is used in the production of sorghum with a known average yield, and the estimated unit return is pegged at KES 4000/-, the going rate of interest is 5 percent.

- a) Illustrate by computation the procedure of arriving at the outcome **(6 Marks)**.
- b) Describe the Decision Rule? **(2 Marks)**
- b) Should the Farmer purchase the land? **(2 Marks)**

Q4. Price of agricultural products fluctuate more than prices of industrial products. Write short notes on the following Causes of Price Instability in Agriculture

- a) Framers as Risk Takers **(2 Marks)**.
- b) Natural Factors **(2 Marks)**.
- c) Perishability **(2 Marks)**
- d) Discuss Effects of Price Fluctuations on Farmers **(2 Marks)**



Registration No.....

e) Different scholars developed various decision rules or strategy models to deal with risk and uncertainty. Identify and briefly describe any two (2) strategy models for risks and uncertainty mitigation. **(2 Marks)**

Q5. A Farmer has the following abbreviated Balance Sheet of a Farm Business as at 30th June 2020

S/No.	ASSETS	Value (KES)	S/No.	LIABILITIES	Value (KES)
1.	Current Assets	60,000/-	1.	Current Liabilities	
2.	Intermediate Assets	?	2.	Intermediate Liabilities	135,000/-
3.	Fixed Assets	?	3.	Longterm Liabilities	?
4.	-		4.	Networth	?
5.	Total Assets	1,600,250/-	5.	Networth + Total Liabilities	?

a) If the Current Ratio = 3; Net Capital Ratio (NCR) = 2; and Working Capital Ratio (WCR) = 4. Use your knowledge of the Farm Business Balance Sheet to fill in the abbreviated Sheet above. **(8 Marks)**

b) Should the Farmer go for a short or long term additional loan? **(2 Marks)**