



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF AGRICULTURAL AND FOOD SCIENCES

**THIRD YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF
BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT
2016/2017 ACADEMIC YEAR**

REGULAR

COURSE CODE: AAE 3325

COURSE TITLE: FARMING AS A BUSINESS

EXAM VENUE: LAB 5

**STREAM: BSC. AGRIBUSINESS
MANAGEMENT**

DATE: 28TH APRIL 2017

EXAM SESSION: 9.00 – 11.00 AM

TIME: 2 HOURS

Instructions:

- 1. Answer ALL questions in section A and ANY other 2 Questions in section B**
- 2. Candidates are advised not to write on question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**
- 4. Candidates are advised to carry a scientific calculator**

SECTION A

[30 MARKS]

Answer ALL questions in this section

1. Mr. Kamau intends to start a farming business but he is not sure which way to start. Kindly guide him through the process **(4marks)**
2. What are the considerations one has to bear in mind when looking for an agricultural land? **(3marks)**
3. Explain the term commercialization of agriculture **(2marks)**
4. Outline the concept of breakeven analysis in a farming business **(3marks)**
5. Briefly comment on some THREE capital budgeting tools **(4marks)**
6. Identify some six components of a whole farm plan **(3marks)**
7. Describe the three processes of management **(3marks)**
8. Differentiate between profitability index and liquidity ratio **(3marks)**
9. Define the concept of income statement **(2marks)**
10. List some categories that explain management **(3marks)**

SECTION B

[40 MARKS]

Answer ANY TWO questions in this section

1. (a) Discuss the causes and consequences of agricultural commercialization **(10marks)**

(b) List and explain clearly the methods of analyzing financial statements in a farming business **(10marks)**
2. (a) List and explain clearly the importance of Planning as a strategy in a farming business. **(10marks)**

(b) Suppose you are considering buying a greenhouse that is selling for \$100,000 and that the unit produces cash flows of \$20,000 a year, and another investment on a maize Sheller which has cash inflows of \$25,000 per year. Calculate NPV and comment on the most suitable project.

(6marks)

(c) What are the decision rules of NPV

(4marks)

Q3. The advent and rapid growth of technology has seen managers face various management challenges today. It has been noticed that despite all these challenges, certain aspects of management has not changed over time. Discuss.

(20 marks)