



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**SCHOOL OF AGRICULTURAL AND FOOD SCIENCES**

**FOURTH YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF  
BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT;  
AGRICULTURAL AND EXTENSION EDUCATION AND ANIMAL SCIENCE  
2024/2025 ACADEMIC YEAR**

**REGULAR**

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**COURSE CODE: AEB 1414**

**COURSE TITLE: FARM MANAGEMENT**

**EXAM VENUE: STREAM: BSC. (Agribusiness  
Management; Agricultural & Extension Education; and Animal Science)**

**DATE: EXAM SESSION:**

**TIME: 2 HOURS**

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**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.**

**SECTION A = 30 MARKS**

Q1. A Farmer has the following information in an abbreviated Balance Sheet:

ASSETS (KES)		LIABILITIES (KES)	
Current Assets	= 125,000/=	Current Liabilities	= ?
Intermediate Assets	=	Intermediate Liabilities	= 95,000/=
Fixed Assets	= ?	Longterm Liabilities	= ?
		Networth	= ?
Total Assets	=	Total Liabilities + Networth = 1,350,000/=	

Additionally, the following information is given about the Farm:

Current Ratio (CR) = 2; Net Capital Ration (NCR) = 3; and The Working Capital Ratio (WCR) = 4

- Fill in the missing values for the various Assets, Liabilities, and Net worth. **(15 Marks)**
- Identify the strongest and weakest position of the Farm Balance sheet? **(3 Marks)**
- Would it be advisable for the Farmer to go for additional loan? **(2 Mark)**
- Define the following Farm Management terminologies: **(2 Mark each)**
  - Accounts Payable
  - Owner's Equity
  - Accelerated Depreciation Method
  - Debt/Equity Ratio
  - Slack Variables

**SECTION B = 40 MARKS**

Q2. A farmer purchased a machinery for KES 550,000/= on 1<sup>st</sup> of October 2024 with a salvage value of KES 20,250/= and a useful life of 10 years. Use your knowledge of depreciation as an expense in enterprise budgeting to compute the following:

- The Annual Depreciation for the THREE mainstream depreciation methods for the first 3 years of the Machinery. **(14 Marks)**
- The Book Value of the Machinery at the end of 4<sup>th</sup> Year under each method. **(2 Marks)**
- State and briefly explain any FOUR causes of Depreciation of an Asset. **(4 Marks)**

Q 3. The following information was given concerning SAFS Farm as at 31<sup>st</sup> December 2024

S/No.	Item	VALUE/COST (KES)
1.	Interest paid	7000/=
2.	Net Farm income	140,000/=
3.	Total value of Assets	1,150,000/=
4.	Opportunity cost of Labour	18,000/=
5.	Opportunity cost of Management	24,000/=
6.	Opportunity cost of capital	10%
7.	Net Worth	550,000/=

Compute the rate of returns to the following productive resources:

- i) Rate of returns to capital **(5 Marks)**
- ii) Returns to Labour **(5 Marks)**
- iii) Returns to Management **(5 Marks)**
- iv) Rate of returns to equity **(5 Marks)**

Q 4. As a separate discipline, agricultural economics started only in the beginning of 20<sup>th</sup> century when economic issues pertaining to agriculture aroused interest at several educational Centres in North America.

- a) In a historical perspective, discuss the nature and scope of Agricultural economics.  
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**(8 Marks)**
- b) State and briefly explain the FOUR Functions associated with Farm Management.  
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**(8 Marks)**
- c) Describe the TWO distinctive features of the “Running Costs” of an Enterprise Budget. .  
**(4 Marks)**