

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF DIPLOMA IN ANIMAL
HEALTH AND PRODUCTION

AGEC 0243: FARM MANAGEMENT AND ACCOUNTS

STREAMS: DIP. ANHE (Y3S2)

TIME: 2 HOURS

DAY/DATE: MONDAY 17/12/2018

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

QUESTION ONE (COMPULSORY) – 25 MARKS

- (a) Give 4 classifications of decisions that farm managers should consider while making a decision [4 marks]
- (b) Explain 6 reasons why farm planning is considered an important managerial function [6 marks]
- (c) Explain the decision making process that farm managers undergo [8 marks]
- (d) Give 5 traits of a successful farm manager [5 marks]
- (e) Explain the term ‘farm management’ [2 marks]

QUESTION TWO (15 MARKS)

- (a) A farmer has 15 acres of land on which he normally grows 4 acres of maize and beans (maize in first rains and beans in 2nd rains), 6 acres of potatoes and keeps 2 dairy cows. He has now established that 2 acres are adequate for his two cows and wishes to use the 3 acres remaining for growing potatoes. Potatoes will require 70 man days of labour per acre which is available at a wage rate of 25 shillings per MD. In addition, 2 bags of fertilizer per acre at the cost shsl 850 per bag will be required. Seed cost will be 600 per acre. Potatoes are expected to yield 60 bags per acre selling at shs. 200 per bag. Double cropping is the normal practice in the area for potatoes in this area.

Required:

- Prepare a partial budget and advice the farmer on the proposed change [9 marks]

AGEC 0243

- (b) Explain any 6 business documents that farmers use for farm accounting [6 marks]

QUESTION THREE (15 MARKS)

- (a) Explain the term 'liabilities' [1 mark]
(b) Differentiate between the 2 categories of assets with relevant examples [4 marks]
(c) Explain 5 factors that a farm layout should satisfy to be efficient [10 marks]

QUESTION FOUR (15 MARKS)

- (a) Explain any 5 roles of a farm manager [9 marks]
(b) Explain any 6 advantages of having a farm budget [6 marks]

QUESTION FIVE (15 MARKS)

- (a) Explain 3 uses of farm management data [6 marks]
(b) Use the data below to prepare an income statement [9 marks]

Income	Ksh.
Maize	54,000
Barley	43,000
Wheat	13,500
Steers	40,000
EXPENSES	
Fertilizer	11,900
Seed	3,600
Chemicals	7,900
Fuel oil	4050
Machinery	2650
Feed purchased	1600
Livestock purchased	29000
Other livestock expenses	1100
Machine hire	10250
Property tax	2600
Insurance	1250
Machinery depreciation	7200
Building depreciation	3200
Miscellaneous	2450