

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

SECOND YEAR EXAMINATION FOR THE AWARD OF CERTIFICATE  
IN ANIMAL HEALTH AND PRODUCTION

AGEC 00243: FARM MANAGEMENT AND ACCOUNTS

STREAMS: CERT. ANHE (Y2S2)

TIME: 2 HOURS

DAY/DATE: MONDAY 02/12/2019

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

- Answer question ONE and any other THREE questions
- Do not write on the question paper

QUESTION ONE (COMPULSORY) – 25 MARKS

- (a) Explain four activities conducted by farm managers giving relevant examples. [8 marks]
- (b) Discuss 10 ways farming as a business is different from other industries in their management methods and practices [10 marks]
- (c) John has bought a tractor for ksh. 30,000. It is estimated that after 4 years the tractor will be so worn out that the costs of repair will be almost the same as the price of a new tractor. At the time, the scrap value of the tractor is estimated to be ksh. 5, 000. What will be the annual depreciation of the tractor? [3 marks]
- (d) Describe any 2 functions of a farm manager [4 marks]

QUESTION TWO (15 MARKS)

- (a) The water hyacinth is a serious menace experience by farmers growing fish in Tharaka Nithi County. They usually consider weeding through employing human labour. The labour requirement per hectare is 60 man-days. Application of 2.5 litre of herbicide followed by a hand weeding which requires 25 man-days per hectare could also be done to deal with the weeds.

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The wage rate per workday is ksh. 15. The cost of application of herbicide per hectare is ksh. 30 per hectare, the cost of herbicide is kshs. 106 per litre. There is no yield difference between these two practices. Determine the most viable method of weed control to the fish farmers in using partial budgeting. [5 marks]

- (b) Discuss five data gathering method that a farm manager can employ. [10 marks]

### QUESTION THREE (15 MARKS)

- (a) Explain five advantages of farm budgeting techniques [5 marks]

- (b) Explain five significance of farm management in agricultural production [10 marks]

### QUESTION FOUR (15 MARKS)

- (a) Discuss five factors that drive farmers to practice farm management [5 marks]

- (b) On 1.1.2018, the assets of Chuka University farm are valued in terms of money, as follows:

- Building Ksh. 50,000
- Equipment ksh. 5,000
- Materials in store ksh. 2,500
- Crops in the field ksh. 500
- Seed ksh. 500
- Land ksh. 150,000
- Cattle ksh. 25,000
- Tractor ksh. 10,000
- Cash ksh. 1,000
- Bank account ksh. 1,500

Chuka university farm has been financed as follows: Sacco loan of ksh. 25,000, bank loan (working capital) Ksh. 50,000 and mortgage loan ksh. 50,000. Ksh. 1000 is still to be paid to the fertilizer supplier. The farm is waiting for the payment of 500 liters of milk (Ksh 1 per litre).

- (i) Prepare the balance sheet of the university farm as per 1.1.2018
- (ii) How much own capital has been invested in the farm
- (iii) Would a bank be willing to provide an additional loan [10 marks]

**QUESTION FIVE (15 MARKS)**

- (a) Describe how farm management decisions are made [8 marks]
- (b) Explain seven reasons for keeping farm accounts [7 marks]
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