

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF SCIENCE IN AGRIBUSINESS

AGEC 343: PRINCIPLES OF FARM MANAGEMENT

STREAMS: BSc, AGEC & Agribusiness Management

TIME: 2 HOURS

DAY/DATE: FRIDAY 8/12/2017

8.30 A.M - 10.30 A.M.

INSTRUCTIONS:

- Answer Question ONE and any other any THREE Questions

QUESTION ONE

- (i) Farm managers have to make decisions from time to time in the whole business of farm enterprises and hence must clearly understand the process. Citing logical examples, explain the process of decision making in agricultural based organization. [10 Marks]
- (ii) Many decisions are usually made in the farming business; discuss the characteristics under which these decisions are classified. Give an appropriate example in each case. [10 Marks]
- (iii) Differentiate between farm management as a science and an art. [5 Marks]

QUESTION TWO

- (i) Discuss the principles that are important in managing a farm business owing to the fact that the nature of such business is complex. Give an example in each case. [9 Marks]
- (ii) Explain the assumptions of linear programming as a model used in farm management for resource allocation. [6 Marks]

QUESTION THREE

- (i) Farm layout is important in organizing a farm for efficient management, explain the factors you would consider when planning for a good farm layout. [6 Marks]
- (ii) Distinguish between risk and uncertainty. [2 Marks]
- (iii) Discuss the importance of farm planning. [7 Marks]

QUESTION FOUR

- (i) Citing clear examples explain when complete budgets are used in farm management. [3 Marks]

- (ii) A farmer has ten acres of land, 4 acres of which is planted to a permanent crop (coffee). Of the remaining 6 acres, at least one half must be resting at any one time. This year, he intends opening 3 acres for sunflower. With the previous sunflower crops he has tried casual labour at the rate of 40 man-days per acre at shillings 20 per man-day. He is considering replacing casual labour with hired tractor doing the work at shillings 1100/-per acres. The farmer anticipates that by working the tractor will be an increase in average sunflower yield from 7000 kgs to 8000 kgs per acre due to better cultivatin and timely planting. The sunflower would fetch Kshs.0.5 per kg. Harvesting costs are 100/- per 1000kg of sunflower seeds.

Required:

- (i) Prepare a partial budget and advise the farmer whether the change is worthwhile or not. [8 Marks]

- (ii) Discuss the sources of farm management data. [4 Marks]

QUESTION FIVE

- (i) Discuss the various ways in which farm business performance can be measures. [6 Marks]

 - (ii) Discuss giving practical examples the various methods used to reduce risk and uncertainty. [9 Marks]
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