



# MACHAKOS UNIVERSITY

University Examinations for 2016/2017 Academic Year

SCHOOL OF AGRICULTURE AND NATURAL RESOURCES MANAGEMENT

DEPARTMENT OF AGRICULTURAL EDUCATION AND EXTENSION

SECOND YEAR FIRST SEMESTER EXAMINATION FOR DIPLOMA IN

AGRICULTURE EDUCATION AND EXTENSION

SPECIAL EXAMINATION

KBT 0233: FARM MANAGEMENT

DATE: 29/8/2017

TIME: 2:00 – 4:00 PM

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## INSTRUCTIONS:

Answer ALL questions in section A and ANY TWO questions in section B

### SECTION A: (COMPULSORY) ( 30 MARKS)

#### QUESTION ONE

- a) Define the following terms:
- i. Manager (2 marks)
  - ii. Enterprise (2 marks)
  - iii. Crop schedule (2 marks)
  - iv. Project cycle (2 marks)
  - v. Depreciation (2 marks)
- b) i Outline three characteristics of a good farm manager (3 marks)
- ii) Explain the difference between risks and uncertainty in entrepreneurship(2 marks)
- c) Explain the difference between partial budgets from a Net Income statement (5 marks)
- d) i) Outline the three types of farm records that you are likely to find within a dairy farm in Machakos (3 marks)
- ii) Describe two objectives of accounting in a farm (2 marks)
- e) i) Explain the three importance of an action plan to a maize farm in Kitui County (3 marks)
- ii) Describe two types of questions that a manager asks in the planning process (2 marks)

**SECTION B: ANSWER ANY OTHER TWO QUESTIONS (40 MARKS)**

**QUESTION TWO (20 MARKS)**

- a) Describe five steps that a farm manager in Nakuru County is involved during the farm planning. (10 marks)
- b) Outline five methods used in calculating depreciation of farm assets by a manager in Narok County (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Explain the five links between farm planning and the sustainable use of natural resources within a Wheat farm in Nanyuki (10 marks)
- b) Describe five factors to be considered in the selection of a crop schedule by a maize farmer in Kakamega County (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) If an asset costs Ksh 400, 000 and the rate of depreciation is 10 percent per annum and the asset is expected to last for four years. Calculate the annual depreciation charges using a decreasing balance method. (10 marks)
- b) The following information is provided for Lily Farm on 31<sup>st</sup> July 2016 (10 marks)

Debt due for payment	Ksh 250
Cash in hand	Ksh 250
Stock for sale	Ksh 700
Acct. receivable	Ksh 550
Debts due for payment in about 2 years	Ksh 6450
Feed in stock	Ksh 250
Supplies	Ksh 100
Harvested crops	Ksh 4600
Mortgages	Ksh 2650
Buildings	Ksh 6500
Debts for payments in long term	Ksh 9950
Machinery & Equip	Ksh 7500
Land with crops	Ksh 1500
Dairy cow and breeding stock	Ksh 7500

Calculate the following:

- i. Net capital ratios (NCR)
- ii. Working capital ratio (INCR)
- iii. Current capital ratio (CCR)

**QUESTION FIVE (20 MARKS)**

- a) Describe four data sources in a poultry farm. (8 marks)
- b) Explain four challenges that a manager may encounter in collecting data within a maize farm in Kitale. (8 marks)
- c) Outline the two broad categories of expenses within a dairy farm in Nakuru County (4 marks)