



MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)

University Examinations 2015/2016

SCHOOL OF EDUCATION

DEPARTMENT OF EDUCATION

FIRST SEMESTER EXAMINATION FOR DIPLOMA IN AGRICULTURE
EDUCATION AND EXTENSION

KBT 0233: FARM MANAGEMENT

DATE:

TIME:

INSTRUCTIONS:

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

SECTION A: 30 MARKS (COMPULSORY)

QUESTION ONE

- a) Define the following terms:
- (i) Farm Management (2 marks)
 - (ii) Enterprise Budget (2 marks)
 - (iii) Farm Layout (2 marks)
 - (iv) Project (2 marks)
 - (v) Risk (2 marks)
- b) Outline FIVE advantages of budgeting in farm management (5 marks)
- c) Explain the difference between a Balance Sheet and a Net Income statement (5 marks)
- d) Outline five steps in developing a business strategy (5 marks)
- e) Outline five importance of farm records (5 marks)

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

QUESTION TWO

- a) Describe five steps that are involved in farm and project planning. (10 marks)
- b) Describe five methods used in the valuation of resources. (10 marks)

QUESTIONTHREE

- a) Discuss the role of integrated farm planning in the conservation of natural resources (10 marks)
- b) Describe five factors considered in farm site selection. (10 marks)

QUESTION FOUR

- a) If an asset costs Ksh 10, 000 and the rate of depreciation is 10 percent per annum and the asset is expected to last for five years. Calculate the annual depreciation charges. (8 marks)
- b) The following information is provided for Lily Farm for the year ending May 2016.

Item	Amount
Debt due for payment	Ksh 500
Debt due for payment	Ksh 500
Cash in Hand	Ksh 500
Stock for sale	Ksh 1400
Account receivable	Ksh 1100
Debt due for payment in about 2 years	Ksh 12,900
Feeds in stock	Ksh 500
Supplies	Ksh 200
Harvested crops	Ksh 9,200
Mortgage	Ksh 5,300
Buildings	Ksh 13,000
Debts for payment in long terms	Ksh 19,900
Machinery & Equipment	Ksh 15,000
Lands with crops	Ksh 3,000
Dairy cow and breeding	Ksh 15,000

Calculate the following:

- i) Net capital ratios (NCR) (4 marks)

- ii) Working capital ratio (INCR) (4 marks)
- iii) Current capital ratio (CCR) (4 marks)

QUESTION FIVE

- a) Describe four methods used in collection of farm management data. (8 marks)
- b) Explain six challenges in marketing of agricultural products. (12 marks)