



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2013/2014

**SECOND YEAR FIRST SEMESTR EXAMINATIONS FOR THE
DEGREE OF BACHELOR OF SCIENCE IN ANIMAL
SCIENCE/HORTICULTURE/AGRONOMY WITH INFORMATION
TECHNOLOGY**

(MAIN CAMPUS)

**AHC/SHC 203: FARM MANAGEMENT AND
ACCOUNTING**

Date: 20th November, 2013

Time: 8.30 - 10.30 a.m.

INSTRUCTIONS TO CANDIDATES

1. Carefully **READ AND FOLLOW THE INSTRUCTIONS** contained in the answer booklet(s) you have been provided with.
2. This paper consists of **TWO** sections. Answer **ALL** the questions in Section A and any **TWO** questions in Section B.
3. Marks for each question are indicated in brackets against

SECTION A (COMPULSARY)

1. Differentiate between the following terms;

- (a). Invoice and Delivery note (2 marks)
- (b). Variable cost and Fixed cost (2 marks)
- (c). Partial budget and whole farm budget (2 marks)

2. Prepare a profit and loss account for Maseno Farm as at 31st June 2013 from the following information below:

Maize seeds for planting	9800
Fertilizer used	24500
Purchase of livestock feeds	18600
Hired labor	5000

Fuels	3600
Transport cost	3500
Sale of maize	125000
Sale of milk	35000
Milk for home use	2000
Maize for home use	7500
Permanent labor	6000
Land rent	20000
Depreciation	5000
Interest on loan	10000
Opening valuation	100000
Closing valuation	40000

(12 marks)

(b). What is the net profit or loss of the farm

(1 marks)

(c). Successful farm management requires a farm manager to undertake farm planning and budgeting. Justify this statement.

(7 marks)

3 (a). The purchase price of John Deere disc harrow model 105/20 is Kshs 480,000.00. If depreciation is 12% per year, using the reducing balance method to calculate the value of the implement after 6 years.

(4 marks)

(b). Outline **FOUR** sources of risks and uncertainty in Agriculture

(5 marks)

(c). State **FOUR** advantages of linear programming in farm planning

(5 marks)

SECTION B (ANSWER ANY TWO QUESTIONS)

4. The following information were extracted from Maseno Farm business documents and books of account:

Date	Details	Amount (Kshs)
1.08.13	Balance/BF(credit)	5000
1.08.13	2 bags DAP purchased	4000
2.08.13	100kg cabbage sold	10000
3.08.13	5 litres ambush purchased	1200
3.08.13	200kgs tomatoes sold	16000
4.08.13	50kgs carrots sold	8000
4.08.13	5 casuals paid	4000
1.09.13	2 bags CAN purchased	5000

- Prepare Maseno Farm simple cash book and show the balances as at 30.08.13 (5 marks)
- Prepare Maseno Farm Cash analysis book and show the balances (10 marks)

5. Maina a farmer in Maseno would wish to know whether replacing 35ha. of maize with sweet potatoes would make economic sense. For him to do this fertilizer rates would have to be increased from 4 bags/ha for maize to 4.5 bags/ha for sweet potatoes and an extra 40MD of casual labor per ha. Will be required as a result of the proposed change.

Average yields of maize and potatoes are 21 and 48 bags/ha. respectively.

The prices are 1350/= /bag of maize and 850/= /bag of potatoes.

Seeds costs are 1250/= /ha for maize and 1750/= /ha for potatoes

Fertilizer costs 1750/= /bag and labor is paid 70/= /MD

- a) Appraise the economic implication of the intended change. (13 marks)
- b) What is your advice to the farmer and why? (2 marks)
- 6.a) Represent graphically (not to scale) a classical production function, one variable factor, showing the stages of production (6 marks)
- b) Explain the relationships between Marginal physical product (MPP) and Average physical product (APP) in the above production function (a) above. (3 marks)
- c) Describe briefly the three regions (stages) of production function above. (6 marks)

