



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2016/2017

**SECOND YEAR FIRST SEMESTER EXAMINATION FOR DEGREE
OF BACHELOR OF SCIENCE IN AGRICULTURAL
ECONOMICS/AGRIBUSINESS MANAGEMENT WITH
INFORMATION TECHNOLOGY**

MAIN CAMPUS

AEG 207/AHC 201: FARM MANAGEMENT AND ACCOUNTING

Date: 28th November, 2016

Time: 3.30 - 6.30pm

INSTRUCTIONS:

- Answer ALL Questions in section A and any TWO in section B.
- Carefully read and follow the instructions contained in the answer booklets provided.
- Marks for each question are indicated in brackets against the corresponding question.



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SECOND YEAR FIRST SEMESTER EXAMINATIONS FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL ECONOMICS/AGRIBUSINESS MANAGEMENT/ANIMAL SCIENCE/ HORTICULTURE/ AGRONOMY/ AQUATIC SCIENCE / AGRICULTURAL EDUCATION AND EXTENSION WITH INFORMATION TECHNOLOGY

AEG 207/ AHC 201: FARM MANAGEMENT AND ACCOUNTING

INSTRUCTIONS

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, Section 'A' and Section 'B'.
 3. Answer **ALL** questions in Section A and **ANY TWO** Questions from Section B.
 4. Marks for each question are indicated in brackets against the corresponding question.
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SECTION A (Compulsory)

1. a) Explain the meaning of the term Farm Management (2 Marks)
b) Explain the role of Farm management in Agriculture (2 Marks)
c) Outline six characteristics of a good farm manager (3 Marks)
d) Successful farm management requires a farm manager to undertake farm planning and budgeting. Justify this statement. (7 marks)
2. a) Explain the **THREE** principal types of resources available on the farm (3 Marks)
b) Given that a tractor costs Kshs. 1,500,000.00 and is expected to last for 120 months, with salvage value of Kshs. 150,000.00. Using the sum – of – years digit method of depreciation, find the book/remaining value at the end of the 3rd year. (3 marks)

- c) The following information was extracted from the books of Ms. Soyfarm who is engaged in Agribusiness activities as at December 2015.

Description	Kshs. (Million)
Valuation of produce	4,000,000
Machinery & Equipment	1,000,000
Raw materials	200,000
Debt recoverable	3,000,000
Debt Payable	2,000,000
Bank loans	500,000
Bank overdraft	500,000

- i. Using the above information, draw a Balance sheet. (7 Marks)
 - ii. Compute the net worth of the farm (3 Marks)
3. Discuss the steps involved in the decision making process (10 marks)

SECTION B

4. a) Discuss the importance of keeping farm records in a farm enterprise (7 marks)
b) Explain why it is difficult to maintain records on the farm (8 marks)
 5. a) Explain the purpose of maintaining farm inventory on the farm (10 marks)
b) Discuss the two processes used in the development of farm inventory (2 marks)
c) Outline any Three methods that are used when valuing assets on the farm (3 marks)
 6. a) Discuss the main sources of risk in a farm business (5 marks)
b) Outline ways of mitigating risk and uncertainty in a farm business (10 marks)
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