



A Constituent College of Kenyatta University

**UNIVERSITY EXAMINATIONS 2011/2012 ACADEMIC YEAR**

**3<sup>RD</sup> YEAR EXAMINATION FOR THE DEGREE OF BACHELOR OF  
COMMERCE**

**COURSE CODE/TITLE: ABT 300:APPLIED AGRIBUSINESS  
MANAGEMENT**

**END OF SEMESTER:II**

**DURATION: 3 HOURS**

**DAY/TIME:THURSDAY:2.00 TO 5.00 P.M.**

**DATE:29/3/2012 (GS1)**

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### **INSTRUCTIONS**

Answer **COMPULSORY** question **ONE** and any other **THREE** questions.

#### **Question One**

- A) Farmers in the Coastal Region hardly use farm management tools to identify suitable farm enterprises to undertake farm business management. However, some succeed and others fail and remain at the subsistence level.
- a) Discuss the other tools employed by the successful farmers. (5 marks)
  - b) Why is there prevalence of subsistence farming in the coastal Region? (5 marks)
  - c) The Banking sector is now offering opportunities to farmers to borrow money and innovate agricultural development through linkages with KARI, private sector and government departments. Discuss farmers response to these offerings by giving examples. (5 marks)
  - d) Describe the four steps in capital investment analysis. (5 marks)

**Question One**

B) Farmers in the Tana river County face marketing problems of their livestock and farm produce.

- a) List down the major marketing problems. (5 marks)
- b) Give solutions to the problems identified in 1.B.(a) above. (5 marks)
- c) Discuss the concept of marketing as a associated process. (5 marks)
- d) Does the marketing as a associated process solution to marketing problems faced by farmers in Tana River County? Give reasons to support your answer. (5 marks)

**Question Two**

There are potentially many different enterprise budgets for a single enterprise. Defend or refute this statement by giving points. (10 marks)

**Question Three**

Why are changes in opportunity costs included in partial budgets? Discuss. (10 marks)

**Question four**

What is an income statement? What does an income statement measure? (2 marks)  
What are the three basic parts of an income statement? (6 marks)

**Question Five**

Mark an “x” under the columns to indicate where an event is supposed to be under the headings “operating”, “Investment” and “ financing” (10 marks)

<u>Event</u>	<u>Investment</u>	<u>Financing</u>	<u>Operating</u>
Buy Ksh 10 million tractor			
Sell cassava worth 3,000/=			
Equipment depreciates			
Pay interest on loan			
Borrow Kshs 5 million			
Pay repair cost of tractor			
Pay Kshs.10,000 as wages for Feb 2012			
Pay principal on loan			
Charge Shs 3,000 on chicken feed			

Purchased breeding heifers

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**Question Six**

Why is it necessary to make adjustments for changes in inventory between the beginning and of the year when developing an income statement. Discuss.

(10 marks)