

RONGO UNIVERSITY

2017/2018 ACADEMIC YEAR

FOURTH YEAR, FIRST SEMESTER EXAMINATION

FOR DEGREE IN BACHELOR OF SCIENCE IN AGRICULTURAL
ECONOMICS/AGRIBUSINESS

ARE 451: FARM BUSINESS MANAGEMENT II (APPLICATIONS)

INSTRUCTIONS:

Answer Question ONE (1) and any other THREE (3) Questions

Time allowed: Three Hours

QUESTION ONE

(a) Briefly explain the following concepts as they apply in Farm business

- | | | |
|-------|------------------------|----------|
| (i) | Gross margin analysis | (1 mark) |
| (ii) | Whole farm analysis | (1 mark) |
| (iii) | Balance sheet analysis | (1 mark) |
| (iv) | Enterprise costing | (1 mark) |

(b) Describe the benefits of keeping farm records (4 marks)

(c) Identify and explain **two** emerging issues that affect horticultural industry in Kenya today (4marks)

(d) As a farm manager advice your boss on some important records required to be kept on the farm. (5 marks)

(e) Explain the concept of depreciation and Amortization (2 marks)

(f) Describe the financial statements that should be kept in a farm set up. (6 marks)

QUESTION TWO

(a) A business sells a pack of bacon for \$4.95 and the total fixed costs are calculated at \$260 per day. The unit variable cost is \$2.65 per pack. Calculate the break-even point expressed as a percentage of the volume of production. (7 marks)

(b) Describe some of the principles of farm record keeping (3marks)

(c) Discuss the alternative bases of farm system analysis

(5 marks)

✓ **QUESTION THREE**

(a) Explain the concept and methods of valuation ^{MS} _{MARK} _{EW}

(6 marks)

(b) Farming is considered a business venture. Discuss how you would analyze this type of business.

(9 marks)

QUESTION FOUR

(a) In a Farm set up, briefly describe the contents of production records

(4 marks)

(b) Describe two categories of accounting information

(4 marks)

(c) Describe two common techniques of financial statement analysis

(7 marks)

✓ **QUESTION FIVE**

(a) Differentiate between enterprises and systems in a farming business using relevant examples

(5 marks)

(b) Explain some challenges faced by cereal producers in Kenya.

(10 marks)