

MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS**

**2016/2017 ACADEMIC YEAR**

**FOURTH YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS & ECONOMICS**

**BACHELOR OF SCIENCE IN AGRICULTURAL ECONOMICS & RESOURCE ECONOMICS**

**COURSE CODE: ARE 431**

**COURSE TITLE:** **AGRIBUSINESS MANAGEMENT**

**DATE: 9TH MAY 2017 TIME: 1100-1300 HRS**

**INSTRUCTIONS TO CANDIDATES**

Answer Question **ONE** and any other **THREE** questions

*This paper consists of* ***3*** *printed pages. Please turn over.*

**QUESTION ONE**

1. Write short notes on the following;
2. Manager (**2mks)**
3. Management (**2mks)**
4. Agribusiness Management (**2mks)**
5. Vertical integration vs horizontal integration (**3mks)**

b) Given the information below from Galgalo’s Farm as at 31/03/2017:

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSETS** | | **LIABILITIES** | |
| **Current Assets KES** | | **Current Liabilities KES** | |
| Cash in the bank | 50000 | Accounts payable | 150000 |
| Cash in hand | 10000 | Promissory notes payable | 30000 |
| Prepaid expenses | 70000 | Taxes payable | 25000 |
| **Inventory** | **x** | **Wages payable** | **x** |
| Others | 75000 | Interest payable | 50000 |
|  |  | Dividends payable | 25000 |
| Total current assets | 505000 | Total current assets | 380000 |
| **Long term assets** | | **Long term liabilities** | |
| Land | 1500000 | **Mortgage loan** | **x** |
| Buildings | 800000 | Other loans | 2000000 |
| Less depreciation @ 5% | -40000 | Total long term liabilities | 2300000 |
| **Equipments** | **x** |  |  |
| Less depreciation @ 5% | -50000 | Total liabilities | 2680000 |
| Other assets | 300000 |  |  |
| Less depreciation @ 5% | -15000 | Capital | 1320000 |
| Total long term assets | 3495000 |  |  |
| **Total assets** | **x** | **Total liabilities and**  **Capital** | **x** |

**Required:**

1. Calculate the following missing figures and fill the table;

a) Inventory (**1mk)**

b) Wages payable (**1mk)**

c) Equipments (**1mk)**

d) Mortgage loan (**1mk)**

e) Total Assets and Total Liabilities and capital (**2mks)**

ii) Compute the following ratios

1. Current ratio (**2mks)**
2. Quick ratio (**2mks)**
3. Cash ratio (**2mks)**

c) A manager is both a scientist as well as Artist. Discuss? (**4 mks)**

**QUESTION TWO**

1. Explain the term” organization” and “organization structure”? Why is an organization structure necessary in a business entity? (**8mks)**
2. Discuss the distinctive features of Agribusiness Management. (**7mks)**

**QUESTION THREE**

1. Explain the principles of scientific management by Henri Fayol. (**10mks)**
2. ‘Orders or instructions are the vehicles for messages with proper direction from top to bottom of an organization’ discuss the salient features of good orders. (**5mks)**

**QUESTION FOUR**

1. Explain the importance of planning to Agribusiness Enterprises (**8mks)**
2. Discuss the characteristics of capital. (**7 mks)**

**QUESTION FIVE**

1. You have been appointed as a Program Officer for a Millet Improvement Project in Embu County by an NGO. Come up with a project cycle highlighting the key activities. (**8 mks)**
2. Discuss the constraints in setting up agro-based industries. (**7mks)**

**//END**