



UNIVERSITY OF EMBU

2016/2017 ACADEMIC YEAR

FIRST SEMESTER EXAMINATION

THIRD YEAR EXAMINATION FOR THE DEGREE OF BACHELOR OF

AEC 301/AEB 412: FARM MANAGEMENT

DATE: NOVEMBER 30, 2016

TIME: 2:00-4:00PM

INSTRUCTIONS:

Answer Question ONE and ANY other TWO Questions

QUESTION ONE (30 MARKS)

Write brief notes on the following.

- a) Commercial farm management (2 marks)
- b) Management by objective in farm management (4 marks)
- c) The influence of farm produce prices on farm planning. (4 marks)
- d) Physical records and financial accounts. (4 marks)
- e) Partial budget and breakeven budget. (4 marks)
- f) profit and loss account and balance sheet (4 marks)
- g) Given the following labour production data;

Labor	Total Physical Product	APP	MPP
0	0	-	-
1	10	-	-
2	24	-	-
3	42	-	-
4	56	-	-
5	62	-	-
6	66	-	-
7	69	-	-
8	71	-	-
9	71	-	-
10	69	-	-

- i) Derive Average Physical Product and Marginal Physical Product (blank spaces) (4 marks)
- ii) When do diminishing returns set in? (2 marks)
- iii) What is the maximum production quantity? (2 marks)

QUESTION TWO (20 MARKS)

- a) Define gross margin (3 marks)
- b) Explain the use gross margin in farm planning. (3 marks)
- c) Given the following data calculate gross margin and break even yield (6 marks)
 - Milk yield 4,000 litres
 - Price per litre Ksh. 40/-
 - Variable costs ksh. 150,000 (feedstuff, labor, miscellaneous)
- d) What would you consider as major risks and uncertainties in dairy production (4 marks)
- e) Explain how you would cope with such challenges (4 marks)

QUESTION THREE (20 MARKS)

Briefly explain the following.

- a) Cash inflows and cash outflows (3 marks)
- b) Discounted cash flows and net present value (3 marks)
- c) Ledger book and cash book (3 marks)
- d) Opening valuation and closing valuation (4 marks)
- e) Debit entry and credit entry (4 marks)
- f) If a young farmer borrowed ksh. 250,000 to undertake a broiler enterprise and makes a profit of ksh. 200,000 per year, compute the payback period. (3 marks)

QUESTION FOUR (20 MARKS)

Distinguish between:

- a) Short run and long run production period. (4 marks)
- b) Fixed cost and variable cost. (4 marks)
- c) Production economies of scale and returns to scale (4 marks)
- d) Muster roll and payroll (4 marks)
- e) Profit and equity (net worth) (4 marks)

QUESTION FIVE (20 MARKS)

Write short notes on the following

- a) Farm inventory and deadstock (4 marks)
- b) Farm assets and liabilities (4 marks)
- c) Farm machinery depreciation and farm building depreciation (4 marks)
- d) Appreciation of dairy cows and depreciation of dairy cows (4 marks)
- e) Cash book and cash analysis book (4 marks)

--END--

