BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT

FOURTH YEAR, SECOND SEMESTER EXAMINATION

2020/2021 ACADEMIC YEAR

COURSE CODE: ARE 424

COURSE TITLE: FARM BUSINESS MANAGEMENT 11 (APPLICATIONS)

INSTRUCTIONS TO CANDIADATES

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

Time allowed: Three Hours

Question One

a). Any decision maker either on the farm or any business enterprise must be equipped with accurate data. Describe the advantages of keeping farm records **(4 marks)**

b). Give the basic information needed for farm Records **(4 marks)**

c) Identify four methods of depreciation **(4 marks)**

e) Explain the advantages of budgeting **(4 marks)**

f) Describe the methods of budgeting **(5 marks)**

g) Briefly explain the limitation of budgeting techniques **(4 marks)**

Question Two

a) Within a farm business, there are interrelationships between enterprises.Describe theclassifications of the interrelationships,
(6 marks)

b) Elaborate on the numerous uses of the gross margin in farm management. **(9 marks)**

Question Three

a) Distinguish between risk and uncertainty in a farm business set up **(7 marks)**

b) Discuss Precautions against Uncertainty in a farm business environment **(8 marks)**

Question Four

Given the information below, determine the gross margin for each crop, the whole farm and the net farm income: **(6 marks)**

Crop	Size of Land Cropped (Hectares)	Estimated value of Crops (KES. per Hectares)	Variable or Specific Costs (KES. per hectares)
Yam	4.0	145000	60000
Millet	5.0	80000	25000
Rice	6.0	100000	47000

Assume that the fixed cost of the farm is Kshs.35000.

b) From farm management point of view, land is considered as a factor of production. However, it has certain characteristics that distinguish it from other factors of production. Discuss

(9 marks)

Question Five

a) Discuss the various methods used in the valuation of the assets of the farm business

(8 marks)

b) A number of factors influence crop yields in Kenya. Discuss   **(7 Marks)**