

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

SECOND YEAR EXAMINATION FOR THE AWARD OF CERTIFICATE IN ANIMAL  
HEALTH AND PRODUCTION

AGEC 00243: FARM MANAGEMENT AND ACCOUNTS

STREAMS: CERT. ANHE Y2S2

TIME: 2 HOURS

DAY/DATE: FRIDAY 8/12/2017

8.30 A.M - 10.30 A.M.

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**INSTRUCTIONS:**

- Answer Question ONE and any other any THREE Questions
- Do not write anything on the Question paper

**QUESTION ONE - COMPULSORY [25 MARKS]**

- (a) Explain five objectives that motivate farmers to keep farm records. [5 Marks]
- (b) Discuss the importance of farm management to Kenya Agricultural development. [5 Marks]
- (c) Explain the basic elements required for managerial performance. [5 Marks]
- (d) Mwenda owns 60 acres of land in Ndagani. He has 40 acres under maize and 20 acres under beans. He is considering replacing 20 acres of maize with oats. Fertilizer use will increase from 2 bags per acre for maize to 4 bags per acre for oats and it costs Ksh.850 per bag. The maize seeds cost Kshs.120 per acre and Kshs.320 for oats per acre. An extra 20 man days will be required at Kshs.40per man day to effect the change. The average yield of maize and oats is 30 and 100 bags per acre respectively and their market prices are Kshs.220 per bag for maize and Kshs.180 per bag for oats.

**Required:**

Draw up a partial budget and indicate the effects of the change and advise the farmer. [10 Marks]

**QUESTION TWO [15 MARKS]**

- (a) Discuss the managerial functions that a farm manager performs. [10 Marks]
- (b) Karan, the farm manager of Sunvalley Farm intends to conduct a farm survey but has no idea on the information required. Explain to him the types of data that he might require. [5 Marks]

**QUESTION THREE**

- (a) Evaluate five advantages a farm manager enjoys from farm budgeting. [10 Marks]
- (b) Explain the characteristics of the economic problems facing farm managers. [5 Marks]

**QUESTION FOUR**

- (a) Describe the decision making process. [10 Marks]
- (b) Discuss five reasons why farm managers need to conduct ratio analysis. [5 Marks]

**QUESTION FIVE**

The following information relates to Mary's farm:

Stocks as at 1/1/2016	8559
Farm Debtors as at 1/1/2016	3788
Farm Creditors as at 1/1/2016	6895
Receipts	51134
Payments	41761
Discount RCD	1117
Cash sales	16117
Stock as at 31/12/2016	9307
Farm debtors as at 31/12/2016	4084
Farm creditors as at 31/12/2016	7492

**Required:**

- (a) Prepare an income statement for year ended 31/12/2016. [10 Marks]
- (b) Explain five factors that farm managers need to consider when conducting farm planning. [5 Marks]

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