

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**SECOND YEAR EXAMINATION FOR THE AWARD OF CERTIFICATE IN
ANIMAL HEALTH**

AGEC 00243: ENTREPRENEURSHIP AND FARM MANAGEMENT

STREAMS: CERT. ANHE (Y2S2)

TIME: 2 HOURS

DAY/DATE: MONDAY 16/4/2018

8.30 A.M. – 10.30 A.M.

**INSTRUCTIONS: ANSWER ALL QUESTIONS IN SECTION A AND ANY OTHER
THREE IN SECTION B**

QUESTION ONE

- (a) Define the following terms
- (i) Total physical product (TPP) [2 marks]
 - (ii) Average physical product (APP) [2 marks]
 - (iii) Marginal physical product (MPP) [2 marks]
 - (iv) The law of diminishing returns [2 marks]
 - (v) Management [2 marks]
- (b) (i) Outline the functions of management. [5 marks]
- (ii) Briefly describe the factors to consider in planning a farm layout. [10 marks]

SECTION B

QUESTION TWO

- (a) Farm data is very crucial in making farm decision. Describe the uses of farm data. [6 marks]
- (b) Outline the four (4) broad groups of information needed in data collection. [4 marks]
- (c) Describe the factors to consider in farm planning and budgeting. [5 marks]

QUESTION THREE

- (a) What is budgeting as used in farm management. [2 marks]
- (b) Differentiate between complete budget and a partial budget. [4 marks]
- (c) Outline the assumptions of linear programming. [4marks]
- (d) Briefly describe the characteristics of farm decision making. [5 marks]

QUESTION FOUR

- (a) Briefly describe the functions of the following business documents
- (i) Cash receipt book [1 mark]
 - (ii) Invoice book [1 mark]
 - (iii) Statement [1 mark]
 - (iv) Purchase order [1 mark]
 - (v) Cheque book [1 mark]
- (b) A farmer wants to analyze the decision to purchase replacement for a cow-calf herd rather than raise them and has come to you as an expert for advice with the following information.
- The former contemplates to sell a heifer calf that would have been held back from the herd at ksh 60,000. The costs for developing the heifers include pasture maintenance at ksh 2000; grain fed at ksh 4000; supplement and minerals ksh 4500; Hay fed at ksh 12000; health utilities and other costs at kshs 5500; labour costs at ksh 5000.
- Other costs, such as land ownership and depreciation on facilities, are not expected to change. The cost of purchasing a bred heifer is expected to be ksh. 120,000. It is also expected that there will be no reduced income, since cull cow sales would be the same for either alternative. Advise the farmer which alternative to take. [10 marks]

QUESTION FIVE

- (a) On the 1st December, 2017 the financial position of Mwendantu ltd was as follows;

Item	Kshs
Furniture	400,000
Stock	200,000
Debt due from a customer	50,000
Cash in hand	30,000
Debt due to supplier	160,000
Loan from bank	460,000
Capital	360,000
Cash at bank	300,000

Required:

Draw up the balance sheet as 31st December 2017 for Mwendantu ltd. [10 marks]

- (b) Farm buildings should be a central as possible to minimize transportation and increase farming efficiency. Explain. [5 marks]
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