



**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)
SCHOOL OF AGRICULTURE, VETERINARY SCIENCES AND
TECHNOLOGY (SAVET)**

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC YEAR SEMESTER TWO**

**MAIN EXAMS
OF
BSc. AGRICULTURE EDUCATION AND EXTENSION, AND BSc.
AGRICULTURE ECONOMICS AND RESOURCE MANAGEMENT**

COURSE CODE: AEC 405

COURSE TITLE: FARM MANAGEMENT

DATE: 19/4/2024

TIME: 12-2 PM

INSTRUCTIONS TO CANDIDATES

This paper is divided into two sections, **A and B**. Answer ALL Questions in SECTION A and any Two in SECTION B

MMUST observes ZERO tolerance to examination cheating

Time: 2 hours

This Paper Consists of 2 Printed Pages. Please Turn Over

SECTION A

- QUE. 1. a) What is the primary goal of the farm manager? (2 marks)
- b) Differentiate between economics and agriculture economics? (4 marks)
- c) List and briefly explain three characteristics of agricultural products (4 marks)
- Que 2 a) What questions does the farm manager have to answer (3 marks)
- b) What is the scope of farm management? (3 marks)
- c) Explain labour as a factor of production. (4 marks)
- Que 3 a) List and briefly explain how labour is applied in production? (4 marks)
- b) Define the term farm records and list and briefly explain the advantages of keeping farm records? (4 marks)
- c) What do you understand by the term agriculture products are seasonal? (2 marks)

SECTION B

- Que 4. a) It is believed that the farm manager operates in a complex risk environment; explain? (6 marks)
- b) What is the scope of farm management? (6 marks)
- c) Differentiate between strategic and tactical farm management (4 marks)
- d) State and briefly explain the two types of balance sheets in terms of asset valuation stating advantages of each (4 marks)
- Que 5. a) Draw a table format of a partial budget (4 marks)
- b) Use the following information to make a partial budget for a farm that wants to change from hiring a combine harvester to purchasing one. The farm tills 1,000 acres each season and the cost of hiring a combine harvester for a season is Shs.20 per acre. After purchasing the combine harvester, the farm manager will have to incur the cost of fueling the combine harvester 1,300, cost of repairs 2,500 and labour 550. The combine harvester undergoes a depreciation of 10,000, while interest on loans of 8,000, taxes of 100 and insurance of 300. (12 marks)
- c) Explain the purpose of enterprise budgeting? (4 marks)
- Que 6. a) Differentiate between a partial budget and a complete (whole farm) budget (4 marks)
- b) What are the functions of a farm manager? (6 marks)
- c) What are the characteristics of decisions? (4 marks)
- d) Use an example to describe the sum of the year depreciation method? (4 marks)

- Que 7. a) Briefly differentiate between risks and uncertainties (4 marks)
- b) Define and briefly explain the purpose of a balance sheet (6 marks)
- c) Define and briefly explain the terms solvency and liquidity (2 marks)
- d) List and briefly explain the four functions of a farm manager (8 marks)
- 8.a) A farm has Shs.200 worth of current assets, Shs.800 worth of noncurrent assets, Shs.120 worth of current liabilities and Shs.400 worth of noncurrent liabilities.
- i) Use this information to demonstrate the format of a balance sheet (6 marks)
- ii) Use the balance sheet table developed to determine owners' equity (2 marks)
- d) What are shadow prices and how are they used in farm (planning) budgeting (4 marks)
- e) Use tables to demonstrate the two formats of presenting a balance sheet (4 marks)