30

(*University of Choice*)

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)

MAIN CAMPUS

UNIVERSITY EXAMINATIONS 2023/2024 ACADEMIC YEAR

FOURTH YEAR SEMESTER TWO EXAMINATIONS

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCB309

COURSE TITLE: FARM BUSINESS MANAGEMENT AND ACCOUNTING

DATE: Friday 19th April 2024 **TIME:** 8.00-10.00 am

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE AND ANY OTHER TWO (2) QUESTIONS

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of .4 Printed Pages. Please Turn Over.

QUESTION ONE (30 MARKS)

i. State challenges encountered in the management of farm. (5 marks)

ii. Keeping farm records is the backbone of managing the farm business or any farm enterprise. Discuss two types of records for farm management. (6 marks)

iii. Name three types of taxes related to the farming business (6 Marks)

iv. Briefly discuss four ways of financing farming business. (8 marks)

v. What are the methods of reducing risk and uncertainty in agriculture? (5 marks)

QUESTION TWO (20 MARKS)

Farm management is the process of running a farm as a business. Discuss (20 Marks)

QUESTION THREE (20 MARKS)

Farm planning is a decision making process in the farm business, which involves organization and management of limited resources to realize the specified goals continuously. Farm planning involves selecting the most profitable course of action from among all possible alternatives.

Required:

i. Objectives of Farm Planning (10 Marks)

ii. Characteristics of a Good Farm Plan (10 Marks)

QUESTION FOUR (20 MARKS)

(i) Briefly explain what a farm income statement is and its purpose. (2 marks)

(ii). Mr. Wupukhulu is a farmer in Narok County. He has provided you with the following information relating to his farm business in the year 2023.

Production	Milk (Litres)	Eggs (Trays)
Production (Quantity)	173,200	58,300
Average Price Ksh. per ltr/tray	120	300
Inventory at 1.1.2023 - feeds - Ksh.	45,600	53,800
Purchases of feed during the year	15,423,000	13,450,000
Electricity	25,000	23,000
Water	9,000	6,000
Wages	240,000	240,000
Machine repairs	15,000	12,000
Stationery	10,000	10,000
Transport	22,500	21,600
Depreciation	25,600	32,460
Inventory at 31.12.2023 - feeds - Ksh.	60,000	75,000

Required:

a. Net profit for each product. (12 marks)

b. Total profit that Mr Wepukhulu earned. (6 marks)