



(Knowledge for Development)

# KIBABII UNIVERSITY

## UNIVERSITY EXAMINATIONS

2019/2020 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER

SPECIAL/SUPPLEMENTARY EXAMINATIONS FOR THE DEGREES  
OF BACHELOR OF SCIENCE IN AGRICULTURAL ECONOMICS  
AND RESOURCE MANAGEMENT

COURSE CODE: IAE 389

COURSE TITLE: FARM MANAGEMENT II (APPLICATIONS)

DATE: 09/02/2021.

TIME: 2-4 PM.

### INSTRUCTIONS TO CANDIDATES

1. Carefully read and follow the instructions contained in your answer booklets.
2. This Paper consists of **FOUR** questions. Marks for each question are indicated against them.
3. Answer **QUESTION ONE** and any other **TWO** questions.

### Question One (30 marks)

a). Ms. Nafula a farm manager at Kilimo farm in Kitale is facing a mirate of problems related to management decision making. As a good student of Farm management, advice her on how to tackle the operational challenges in the farm. **(12 marks)**

b). The following information was extracted from Shirandulah poultry enterprises, which is commercially engaged in egg production.

Egg Production:

(a) The farm targets to 100,000 trays of eggs per annum

(b) Bird Inventory

- i. A bird produces 200 eggs per year; therefore, the number of birds required is 6,000
- ii. Total number of birds includes 20% allowance for mortality

(c). Capital Expenditure

- i. 2 Brooder houses for 3,300 birds each at a cost of kshs 1,600,000
- ii. 1 Deep litter for 2,000 birds is costing kshs 1,200,000
- iii. 2 Battery houses for 2,000 birds each cost 2,400,000
- iv. Equipment (Avery Scale, Trolley, grinder etc for kshs 100,000
- v. Installation of water at kshs 600,000
- vi. Farm electrification at kshs 500,000
- vii. Bought 1 Pick up van (Transportation) at kshs 1,500,000
- viii. Build 1 Silo (500 ton capacity) and drying unit grains at a cost of kshs 1,200,000
- ix. Feed depot building constructed at a cost of kshs 1,500,000
- x. Dryer installed at kshs 800,000
- xi. Contingency pegged at kshs 1,230,000

(d) Annual Recurrent Expenditure

- i. 7200 day -old chicks at shs 150each
- ii. Feed at 41.60kg per birds per annum at ksh 36,000 per ton
- iii. Hired labour, 10men each at kshs 2000 per month
- iv. Drugs and veterinary service for kshs 200,000
- v. Interest on capital (12%) amounting to kshs 200,000
- vi. Depreciation on building and equipment assume an average lifespan of 10 years at kshs 1,057,560
- vii. Maintenance and running cost of vehicles kshs 550,000
- viii. Rent on 4 ha, land at kshs 100,000 per ha

Revenue

- i. Total egg production per annum, 100,000 trays at 240 per tray
- ii. Culls, old layers 6,000 birds at 600 each

**Required:** Prepare a complete budget for the year 2020.

**(18 marks)**

**Question Two (20 marks)**

- a). Recently, Precision Agricultural organisation rewarded Mr. Shikwekwe for his outstanding contribution to Farm management related tasks. Being, a Farm management student, briefly explain specific attributes which Mr. Shikwekwe is possessing. **(8 marks)**
- b). Mr. Lemma is a groundnut farmer in Busia County. As a trained Agricultural Economist, advice the farmer on the importance of using a Gross margin analysis in making economic decisions in the Farm. **(12 marks)**

**Question Three (20 marks)**

- a). As a graduate of Farm Management, Nzoia sugar company limited has approached you to assist them in documenting rewards for using the different farm resources in the company. Discuss four factors you will use as guidelines. **(8 marks)**
- b). Mr. Wanyonyo is a practicing mixed farming in Chwele area. He has a herd of Goats, Sheep, cows and grows a variety of crops namely; Maize, Water melon, Yams, Coffee. As an expert in Farm management assist him to prepare a draft profit and loss Account ending as at December 31, 2018. **(12 marks)**

**Question Four (20 marks)**

- a). MLO Farm business wants to analyse and evaluate the trajectory the farm has taken in the last 10 years. As a professional in Farm management, advice the management on the various categories of analysis they should carry out to guide them in forging the next frontier. **(10 marks)**
- b). Ms. Fatuma is Farm manager at NDUBIRI Enterprises, which deals with Animal and crop production. She has approached you as a trained Agricultural Economist to guide her in keeping farm records. Advise her on the various types of Farm Records she should keep in Ndubiri Farm. **(10 marks)**