



*(Knowledge for Development)*

**KIBABII UNIVERSITY  
UNIVERSITY EXAMINATIONS  
2020/2021 ACADEMIC YEAR**

**THIRD YEAR  
SPECIAL/SUPPLEMENTARY EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF SCIENCE AGRICULTURE ECONOMICS  
AND RESOURCE MANAGEMENT**

**COURSE CODE:** AEC 313/IAE 389

**COURSE TITLE:** FARM BUSINESS MANAGEMENT II  
(APPLICATION)

**DATE:** 12<sup>TH</sup> JANUARY 2022

**TIME:** 2 – 4 PM

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**INSTRUCTIONS TO CANDIDATES**

Answer Question ONE and any other TWO Questions.

TIME: 2 Hours

This paper consists of 4 printed pages. Please Turn Over



KIBU observes ZERO tolerance to examination cheating

1. a) Discuss the forms of interrelationships that exist among farm business enterprises.

**(6 marks)**

b) Explain the importance of farm management in developing countries.

**(8 marks)**

c) Discuss constraints to keeping records on farms.

**(6 marks)**

d) Given the following data, calculate the crop yield index and explain your answer.

**(10 Marks)**

Crops	Hectares	Actual Yield/Ha	Average yield/Ha
Maize	6	8,000	9,000
Beans	2	6,000	5,600
Millet	5	1,200	1,250
Sorghum	4	5,500	6,000
cowpeas	3	5,000	4,000

2. Discuss methods of gathering farm data

**(20 marks)**

3. a) Discuss the factors that limit crop production in Kenya

**(10 marks)**

b) Identify and explain the most common benefits associated with increased value of output in farm agricultural projects.

**(10 marks)**

4. Discuss five (5) methods of valuation of farm assets.

**(20 marks)**

5. a) Briefly explain the acquisition process of the principle farm resources.

**(6 marks)**

b) Explain the classification of farm data based on ease of recall.

**(8 marks)**

c) Assuming the market price of a piece of land is KShs 6,000.00 (assuming the land is used in the production of sorghum with a known average yield), the annual return KShs 400, the going rate of interest of 8 percent, using the capitalization of earnings method of valuation, should we purchase the land?

**(6 marks)**