



(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: 12TH JANUARY 2022

TIME: 2 – 4 PM

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)