2425/303
FARM BUSINESS MANAGEMENT
AND EXTENSION EDUCATION
June/July 2019
Time: 3 hours

THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN AGRICULTURE

MODULE III

FARM BUSINESS MANAGEMENT AND EXTENSION EDUCATION

3 hours

INSTRUCTIONS TO CANDIDATES

You should have the following for this examination:
    Answer booklet;
    Non-programmable scientific calculator.
*This paper consists of **TWO** sections; A and B.*
*Answer any **THREE** questions from section A and any **TWO** questions from section B.*
All questions carry equal marks.
Maximum marks for each part of a question are indicated.
Candidates should answer the questions in English.

This paper consists of 3 printed pages.

Candidates should check the question paper to ascertain that
all the pages are printed as indicated and that no questions are missing.

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SECTION A: FARM BUSINESS MANAGEMENT (60 marks)

Answer any THREE questions from this section.

1. (a) Explain the organizational management decisions of farm management. (8 marks)

    (b) Highlight the importance of farm planning. (6 marks)

    (c) Describe the considerations taken when preparing a complete budget. (6 marks)

2. (a) Explain the five categories of risks and uncertainties. (10 marks)

    (b) Explain the advantages of large scale business organizations. (10 marks)

3. (a) A farmer is planning to introduce a dairy enterprise in his farm. The available information suggests that annual costs per cow are as follows:

	Ksh
Grazing and fodder expenses	1,440
Labour	1,200
Purchased feeds	560
Veterinary expenses	600
Dipping	480
Other expenses	1,120

    The average yield per cow per year is 900 litres.

    (i) Calculate the break-even price of milk per litre.

    (ii) When does the farmer make a profit?

    (6 marks)

    (b) Describe the assumptions in linear programming (L.P) budgeting technique.

    (14 marks)

4. (a) Describe the benefits of survey in collecting data for farm management. (4 marks)

    (b) Explain the role of workforce analysis in human resource planning. (12 marks)

    (c) Highlight the principles of farm records. (4 marks)

5. (a) Explain **five** principles of developing credit criteria.   (5 marks)

    (b) The following information is available from Timboroa farm for the year ending 31st December 2018.

	Ksh
Bank overdraft	80,000
Outstanding bills	50,000
Long term loan	200,000
Buildings	500,000
Equipment	250,000
Lorry	350,000
Pick-up	150,000
Tractor	400,000
Breeding cows	32,400
Cash in hand	15,000
Cash in bank	20,000
Cows for sale	600,000
Ewes for sale	60,000

    Prepare a balance sheet for the farm.   (10 marks)

    (c) Differentiate between farm records and farm accounts.   (5 marks)

SECTION B: EXTENSION EDUCATION (40 marks)

Answer any TWO questions from this section.

6. (a) Highlight the characteristics of objectives in extension programme.   (5 marks)

    (b) State the advantages of internal evaluators.   (5 marks)

    (c) Outline the steps in programme implementation.   (10 marks)

7. (a) Define the term 'extension programme'.   (2 marks)

    (b) Outline the stages of programme planning.   (8 marks)

    (c) Outline the stages involved in extension report writing.   (10 marks)

8. (a) Describe the **two** types of programme evaluation.   (10 marks)

    (b) Explain the importance of technical reports.   (10 marks)

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