

2425/303
FARM BUSINESS MANAGEMENT
AND EXTENSION EDUCATION
June/July 2018
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 in the answer booklet provided.

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.

SECTION A: FARM BUSINESS MANAGEMENT (60 marks)*Answer any THREE questions from this section.*

1. (a) Highlight the advantages and disadvantages of agricultural state corporations. (10 marks)
- (b) Describe the functions of National Cereals and Produce Board of Kenya. (10 marks)
2. (a) State the requirements considered when drawing an agreement in partnership. (10 marks)
- (b) Explain the characteristics of sole proprietorship. (10 marks)
3. (a) Give any five uses of a balance sheet. (5 marks)
- (b) State the benefits of large scale business. (5 marks)
- (c) Explain the causes of business amalgamation. (10 marks)
4. The following information was obtained from Kibondeni farm as at 31st December 2017.

Information	Ksh.
Farm building	70,000
Maize in store	30,000
Growing crops	15,000
Sheep	34,000
Cattle	180,000
Tractor	80,000
Cattle sales	20,000
Tractors services	25,000
Bananas	30,000
Coffee	50,000
Maize	15,000
Milk	110,000
Salaries	55,000
Fertilisers	32,000
Animal feeds	9,000
Seeds	7,500
Fuel	15,550
Farm building	50,000
Sheep	40,000
Growing crops	20,000

Cattle	140,000
Tractor	100,000
Cash in hand	30,000
Cash in bank	50,000

Using the information:

- (a) prepare a profit and loss account; (18 marks)
- (b) determine the financial status of the farm. (2 marks)
- 5. (a) State the reasons for keeping financial records. (4 marks)
- (b) Describe the various types of risks and uncertainties in a farm business. (6 marks)
- (c) Highlight the benefits of farm planning. (10 marks)

SECTION B: EXTENSION EDUCATION (40 marks)

Answer any **TWO** questions from this section.

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- 6. (a) Highlight the characteristics of extension programme objectives. (6 marks)
- (b) Give any **four** advantages of using internal evaluators in an extension programme. (4 marks)
- (c) Describe the features of a standard project report. (10 marks)
- 7. (a) Discuss the use of key informants in extension programmes. (10 marks)
- (b) Outline the steps involved in implementing an extension programme. (10 marks)
- 8. Outline the procedure of extension programme evaluation. (20 marks)

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