THE CO-OPERATIVE UNIVERSITY OF KENYA

END OF SEMESTER EXAMINATION DECEMBER -2022

EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE BUSINESS
UNIT CODE: BAFS 1101

UNIT TITLE: INTRODUCTION TO AGRIBUSINESS MANAGEMENT

DATE: FRIDAY 23RD DECEMBER, 2022

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

- **Answer question ONE (compulsory) and any other TWO questions**

QUESTION ONE

a. A farmer would like to produce tomatoes for the local market. Briefly describe one type of risk/uncertainty that he/she is likely to encounter and the possible ways to safeguard against the risk/uncertainty. (5 Marks)

b. A young agriculture graduate would like to start rabbits keeping project and export the meat to the neighbouring countries. What business organization would you recommend and why? (5 Marks)

c. A dairy farmer is planning to introduce broiler chicken enterprise to the existing farm plan. The farmer would like to prepare a cash flow statement for the next three months. List the specific items that the farmer will include as cash inflows and cash flows during the first month. (5 Marks)

d. "A farm manager has a custodial responsibility for the natural resources." Do you agree or disagree? Explain briefly. (5 Marks)

e. Explain why diagnosis of the existing organization is important when preparing a farm plan. (5 Marks)

f. Why should agribusiness managers continuously review their achievement? (5 Marks)

QUESTION TWO

a. An agripreneur is planning to set up a fruit processing plant in the rural area. Explain the factors that the agripreneur should consider and the constraints the he/she is likely to face.(10 Marks)

b. Discuss any two administrative management decisions that would be made by a poultry farm manager (6 Marks)

c. A company is planning to set up a poultry feeds manufacturing company in a rural area. Explain any two intangible benefits likely to accrue from such a project. (4 Marks)

QUESTION THREE

a. Describe the main sectors involved in agribusiness. (9 Marks)

b. Explain the importance of incorporating risks and uncertainties in farm business planning. (5 Marks)

c. List the main characteristics of a good agribusiness manager. (6 Marks)

QUESTION FOUR

a. In the same period there is a drought affecting the supply of pineapples and a discovery that they assist in the avoidance of cancer. How will this combination of events affect the managerial decision? (5 Marks)

b. Briefly describe the process of transformation of agriculture. (5 Marks)

c. Explain how the following affects agribusiness decision making.

   (i). Imminence (5 Marks)

   (ii). Importance (5 Marks)

QUESTION FIVE

a. You are provided with the following information for CUK farm Ltd for the year ending 31.12.2021. All figures are in Kshs.

Sales: Maize – 250,000; Coffee - 320,000; Milk - 120,000

Costs: Fertilizers - 120,000; Depreciation -12,500; Livestock feeds -50,000; Land preparation costs - 70,000; Land rates - 13,500; Electricity bill - 23,000.

Required: Compute the Gross Margin and the Net farm income for KU farm Ltd for the year ending 31.12.2021. (10 Marks)

b. Briefly explain 5 reasons why farm planning is important. (10 Marks)