



# MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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## University Examinations 2024/2025

### FIRST YEAR THIRD SEMESTER EXAMINATION FOR THE DIPLOMA IN AGRICULTURE

#### AAD 2302: FARM MANAGEMENT AND FINANCE

DATE: DECEMBER 2024

TIME: 1½ HOURS

INSTRUCTIONS: Answer question *one* and any other *two* questions

#### QUESTION ONE (30 MARKS)

- (a) Define the following terms
  - (i) Dissolution (2marks)
  - (ii) Cash flow statement, and why is it important in farm finance? (2marks)
- (b) Outline key roles of finance in the business operations (3marks)
- (c) Explain three types of partnerships commonly found in business arrangements (6marks)
- (d) Highlight two importance of farm management (4marks)
- (e) List four qualities that characterize a good farm manager (2marks)
- (f) Outline three sources of credit (3marks)
- (g) Outline the role of budgeting in farm management (2 marks)
- (h) Define gross margin analysis, and how is it used in evaluating farm enterprises (3 marks)
- (i) Explain how risk management influence decision-making in farming (3marks)

**QUESTION TWO (15 MARKS)**

- (a) Discuss sources of risks and uncertainties (10 marks)
- (b) Highlight ways of minimizing financial risks (5marks)

**QUESTION THREE (15 MARKS)**

- (a) Highlight three benefits of saving and credit cooperatives (SACCOS) to their members (3marks)
- (b) Describe the steps involved in the decision making process in management (12 marks)

**QUESTION FOUR (15 MARKS)**

- a) Provide reasons that may constitute to unfair dismissal of an employee (5marks)
- b) Discuss the importance of employee training and its input on the organization success (10 marks)