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**University Examinations 2015/2016**

SECOND YEAR, FIRST SEMESTER EXAMINATION FOR DIPLOMA IN AGRICULTURE

**BUS 0260: FARM MANAGEMENT AND ACCOUNTS**

**DATE: AUGUST, 2016 TIME: 1 ½ HOURS**

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

**QUESTION ONE – (30 MARKS)**

1. State the sources of agricultural credit. (5 Marks)
2. State the basic assumptions of farm accounting. (5 Marks)
3. State the double entry principle and explain the three rules of double entry. (5 Marks)
4. State the functions of the farm manager. (5 Marks)
5. Explain the importance of keeping farm records. (5 Marks)
6. State characteristics of a good farm manager. (5 Marks)

**QUESTION TWO (15 MARKS)**

The following information related to PQR farm trial balance as at 31st Dec. 2012.

|  |  |
| --- | --- |
| Capital  | 600,000 |
| Sales  | 200,000 |
| Sales Returns | 10,000 |
| Purchases | 120,000 |
| Purchases returns | 10,000 |
| Debtors | 22,000 |
| Creditors | 20,000 |
| Motorcar | 500,000 |
| Buildings | 150,000 |
| Land | 80,000 |
| Stock 1.1.2000 | 40,000 |
| Furniture | 25,000 |
| Discount allowed | 5,000 |
| Discount received | 30,000 |
| Carriage in and outwards | 7,000 |
| Salaries | 10,000 |
| Electricity | 5,000 |

Stock 31-12-2001 = 30,000

**Required:**

1. Extract a Trial Balance (7 Marks)
2. Prepare profit and loss account (8 Marks)

**QUESTION THREE (15 MARKS)**

1. Explain the scope of farm management. (10 Marks)
2. State the uses of the Cash flow budget. (5 Marks)

**QUESTION FOUR (15 MARKS)**

1. Explain the classification of the risks and uncertainties in agriculture giving an example of each, (10 Marks)
2. Explain the difference between the balance sheet and the trial balance. (5 Marks)