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University Examinations 2013/2014

SECOND YEAR, FIRST SEMESTER EXAMINATIONS FOR DIPLOMA IN
AGRICULTURE

BUS 0260: FARM MANAGEMENT & ACCOUNTS

DATE: APRIL 2014

TIME: 1 ½ HOURS

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

QUESTION ONE – (30 MARKS)

- (a) State the functions of farm manager. (5 Marks)
- (b) Explain the uses of agricultural credit. (5 Marks)
- (c) Highlight the five golden rules of accounting. (5 Marks)
- (d) State the limitations of gross margin budgeting. (5 Marks)
- (e) Explain the concept of the accounting cycle. (5 Marks)
- (f) Show the double entries to be effected in the following cases:
 - Bought tractor Sh.2m cash
 - Sold stock of maize Sh.500,000 on credit to MRX
 - A plough worth Sh.100,000 book value is stolen
 - Bought fertilizer sh.50,000 cash
 - By payment of wages Sh.10,000 cheque. (5 Marks)

QUESTION TWO – (15 MARKS)

- (a) The following information relates to Mango Farm for the month of June 2012.

1st balance b/f cash Sh.10,000 from chief accountant

2nd bought sugar Sh.100

4th bought tea leaves sh.50

7th by purchases of stationary sh.200

20th by transport Sh.400
27th by repairs Sh.300

Required:

Prepare a petty cash book.

(8 Marks)

(b) Shortly explain the procedure of sourcing agriculture credit.

(7 Marks)

QUESTION THREE – (15 MARKS)

(a) Explain the uses of a cash flow budget.

(8 Marks)

(b) Explain any seven documents used in credit transactions in the order that they are used.

(7 Marks)

QUESTION FOUR – (15 MARKS)

(a) The following information relates to the trial balance of Kilimo Farm as at 31.12.13

Item	Dr	Cr
Capital		?
Sales		250,000
Sales Returns	20,000	
Purchases	120,000	
Purchases returns		10,000
Debtors	22,000	
Creditors		30,000
Motor car	500,000	
Buildings	150,000	
Land	80,000	
Stock 31/12/12	40,000	
Furniture	25,000	
Salaries	15,000	
Electricity	5,000	
Repairs	2,000	
A.F.C loan		20,000
Perennial crops	200,000	

Required

(a) Prepare a profit and loss account.

(8 Marks)

(b) Prepare a balance sheet.

(7 Marks)

QUESTION FIVE – (15 MARKS)

- (a) Discuss risks and uncertainties facing agricultural production and suggest a remedy to each. (10 Marks)
- (b) Distinguish between fixed costs and variable costs of production. (5 Marks)