



MERU UNIVERSITY COLLEGE OF SCIENCE & TECHNOLOGY

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University Examinations 2011/2012

SECOND YEAR, SECOND SEMESTER EXAMINATIONS FOR
DIPLOMA/CERTIFICATE IN AGRICULTURE AND AGRUCULTURAL EDUCATION
AND EXTENSION

BUS 0260: FARM MANAGEMENT AND ACCOUNTS

DATE: APRIL 2012

TIME: 1½ HOURS

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

QUESTION ONE (30 MARKS)

- a. State and explain the management guideline questions (5 Marks)
- b. Explain the following terms as used in credit management (10 Marks)
 - i. Self liquidate loan
 - ii. Loan arrears
 - iii. Cash flow analysis
 - iv. Loan out standing
 - v. Mortgage
- c. State the limitations of Gross Margin budget (5 Marks)
- d. State and explain any five books used in accounting (10 Marks)

QUESTION TWO (15 MARKS)

The following information is provided to prepare a budget.

Month	Sales	Materials	Wages	Fixed costs
Feb	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000

- a. What kind of budget is suggested by the above information (2 Marks)
- b. Given that the balance b/d for the month of Feb is 10,000. Prepare a 3-months budget (7 Marks)
- c. Distinguish between fixed costs and variable costs (6 Marks)

QUESTION THREE (15 MARKS)

- a. Explain the concept of business cycle as used in accounting (5 Marks)
- b. Explain the book keeping equation (6 Marks)
- c. Distinguish between the trial balance and the profit and loss account (4 Marks)

QUESTION FOUR (15 MARKS)

- a. State and explain the importance of keeping records (7 Marks)
- b. State and explain the importance of preparing a complete budget (8 Marks)

QUESTION FIVE (15 MARKS)

The following is Osonga farm trial balance as at 31.06.2002

Item	Dr (kah.)	Cr (ksh)
Capital		250,000
Drawings	32,500	
Opening stock	46,100	
Purchases	284,400	
Sales		415,300
Returns inwards	3,600	
Returns outwards		6,700
Carriage in/out	37,900	
Salaries and wages	47,200	
Furniture	25,000	
Motor car	60,000	
Debtors	48,500	
Sundry creditors		32,800
Bank	29,100	
Cash	600	
Discount	3,400	1,900
General expenses	31,700	
Premises	100,000	
Rent income		23,300
Total	<u>750,000</u>	<u>750,000</u>

NB closing stock 55,300 ₦

- a. Prepare a profit and loss account (9 Marks)
- b. Prepare a balance sheet (6 Marks)

