



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2017/2018 ACADEMIC YEAR

FOURTH YEAR FIRST SEMESTER

SPECIAL/SUPPLEMENTARY EXAMINATION

**FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL
ECONOMICS AND RESOURCE MANAGEMENT**

COURSE CODE: IAE 482

COURSE TITLE: AGRIBUSINESS RECORDS AND ACCOUNTS

DATE: 3RD OCTOBER 2018

TIME: 8 – 10 AM

INSTRUCTIONS TO CANDIDATES

Answer BOTH questions in section A and any TWO in sections B.

TIME: 2 Hours

This paper consists of 3 printed pages. Please turn over. ►

SECTION A (30 MARKS)

Answer BOTH questions from this section.

1. (a) Describe the methods for collecting farm household data. (12 marks)
(b) Explain the methods of valuing farm assets. (3 marks)
2. (a) Explain what must be borne in mind by a farmer while deciding on what records to keep. (5 marks)
(b) Refute the statement "Farmers do not need to keep records". (10 marks)

SECTION B (40 MARKS)

Answer ANY TWO questions from this section.

3. (a) Discuss the appropriateness of the "Just in Time" procurement systems. (10 marks)
(b) Describe the different methods of valuing the materials issued from a store (10 marks)
4. (a) The following information were extracted from the books of Ridge View Farm Co. Ltd on 31st December 2016.

	000' Kes		000' Kes
Administration Expenses	3,870	Marketing Expenses	1,109
Crops Sales	48,457	Miscellaneous Income	3,045
Financial Expenses	1,370	Purchased Materials	28,348
Labour	3,357	Taxation based on profit for the year	2,893
Livestock Sales	10,491	Valuation Depreciation	10,009

Prepare the firm's Statement of Income for the year ending 31st December 2016.

(15 marks)

- (b) Describe the components of a typical Statement of Financial position.

(5 marks)

5. An agribusiness firm buys machinery at a cost of Kes 1,600,000 for use in the business. The machinery expected to last eight years with no residual value.
- (a) Compute the machinery's rate of depreciation when the asset is depreciated using the reducing balance method. (6 marks)
- (b) Describe the differences between the straight line and declining balance methods of estimating an assets' depreciation. (4 marks)
- (c) Prepare a table comparing the depreciation and net book values for each year of the asset's life using the straight line and reducing balance methods of depreciation. (10 marks)