



*(Knowledge for Development)*

**KIBABII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**2019/2020 ACADEMIC YEAR**

**SECOND YEAR 2ND SEMESTER**  
**MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF SCIENCE AGRICULTURE**  
**ECONOMICS AND RESOURCE MANAGEMENT**

**COURSE CODE:** AEC 224 / 1AE283 / 1AE381.  
**COURSE TITLE:** FINANCIAL ACCOUNTING IN AGRICULTURE

**DATE:** 11/02/2021.

**TIME:** 8-10 AM.

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**INSTRUCTIONS TO CANDIDATES**

Answer Question ONE and any other TWO Questions.

TIME: 2 Hours

This paper consists of 5 printed pages. Please Turn Over



KIBU observes ZERO tolerance to examination cheating

### QUESTION ONE

- (i) Define the following terminologies in Financial Accounting;
  - (a) Accounting
  - (b) Financial Accounting
  - (c) Bookkeeping
  - (d) Managerial Accounting
  - (e) Budgeting (10marks)
- (ii) Describe Five qualitative characteristics of a good financial accounting report (10marks)
- (iii) Distinguish between Financial and Managerial Accounting (5marks)
- (iv) Giving examples, explain the functions of cash flow statements in financial management (5marks)

### QUESTION TWO

- (i) Giving examples, explain the two Users of accounting information (10marks)
- (ii) Identify and describe five major ways of managing and controlling financial risks (10marks)

### QUESTION THREE

The following information was obtained from the books of Tripple K holdings and medium sized business for the year ending 31<sup>st</sup> December, 2015.

Item	Amount
Capital 1.1.2015	500,000
Net profit for 2015	150,300
Drawings during 2015	72,000
AFC loan	150,000
ICDC loan	100,000
Farm creditors	78,400
Bank overdraft	22,300

Premises	300,000
Debtors	139,000
Machinery	280,000
Stock	115,400
Motor vehicles	48,000
Cash in hand	30,100
<u>Furniture and fittings</u>	<u>16,500</u>

Required:

Prepare a balance sheet for Tripple K Holdings as at 31<sup>st</sup> December, 2015 (20marks)

#### QUESTION FOUR

The following is the Trial Balance of Njeri's stores as at 31<sup>st</sup> December, 2007

	Dr	Cr
	Ksh(000)	Ksh(000)
Sales		252,500
Purchases	148,800	
Advertising	5400	
Telephone	3700	
Stock 1.1.2007	12,350	
Salaries	40,000	
Wages	6,000	
Electricity	3,000	
Rent	2,000	
General expenses	4700	

Land and buildings	100,000	
Furniture and fittings	30,000	
Motor vehicles	21,500	
Debtors	23,850	
Cash	25	
Bank	100	
Creditors		12,041
<u>Capital</u>		<u>136,884</u>

Additional information:

The stock at 31<sup>st</sup> December, 2007 was valued at 16,300,000.

Required;

Prepare Trading, profit and loss account and Balance sheet as at 31<sup>st</sup> December, 2007.

(20marks)

### QUESTION FIVE

- (i) Define budgeting and highlight 4 major functions of budgeting(8marks)
- (ii) Describe the steps in determining a Partial Budget (8marks)
- (iii) Give reasons for providing for depreciation (4marks)