

(Handwritten mark)



(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2019/2020 ACADEMIC YEAR


FOURTH YEAR 1ST SEMESTER
SPECIAL/SUPPLEMENTARY EXAMINATIONS
FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL
ECONOMICS AND RESOURCE MANAGEMENT

COURSE CODE: IAE 482
COURSE TITLE: AGRIBUSINESS RECORDS AND ACCOUNTS

DATE: 02/02/2021. **TIME:** 2-4pm.

INSTRUCTIONS TO CANDIDATES

Answer Question One and any other two (2) Questions
TIME: 2 Hours

This paper consists of 2 printed pages. Please Turn Over 

KIBU observes ZERO tolerance to examination cheating

Q1.

The following information relates to SPINK Company for the year, 2018.

March	1	Started business with cash £1,000.
“	2	Bought goods on credit from A Clinks £296.
“	3	Paid rent by cash £28.
“	4	Paid £1,000 of the cash of the firm into a bank account.
“	5	Sold goods on credit to J Simpson £54.
“	7	Bought stationery £15 paying by cheque.
“	11	Cash sales £49.
“	14	Goods returned by us to A Clinks £17.
“	17	Sold goods on credit to P Lutz £29.
“	20	Paid for repairs to the building by cash £18.
“	22	J Simpson returned goods to us £14.
“	27	Paid A Clinks by cheque £279.
“	28	Cash purchases £125.
“	29	Bought a motor vehicle paying by cheque £395.
“	30	Paid motor expenses in cash £15.
“	31	Bought fixtures £120 on credit from R west.

N/B “Means the month of March, 2018.

Required:

Prepare the following accounts for XY Company.

- | | | |
|------|------------------|-----------|
| i) | Capital A/C | (3 marks) |
| ii) | Cash at Bank A/C | (7 marks) |
| iii) | Purchases A/C | (3 marks) |
| iv) | Sales A/C | (4 marks) |
| v) | Creditors A/C | (4 marks) |
| vi) | Bank A/C | (5 marks) |
| vii) | Debtors A/C | (4 marks) |

Q2.

Explain the characteristics of a good farm plan

(20 marks)

Q3.

Explain the importance of farm records

(20 marks)

Q4.

A farmer has 10 acres of land on which he grows 2 acres of maize and beans (maize in first rains and beans in the 2nd rains), 2 acres of potatoes and keeps 2 milking cows. He has now established that 4 acres are adequate for his two cows and he wishes to use the 2 acres remaining for growing potatoes. Potatoes will require 70 man-days of labour per acre which is available on casual bases at a wage rate of Shs. 25 per MD. In addition, 2 bags of fertilizer per acre at the cost of 850 per bag will be necessary. Seed costs for potatoes will be 600 per acre. No change in fixed costs is expected. Potatoes are expected to yield 60 bags per acre selling at Shs. 200 per bag. Double cropping is the normal practice for potatoes in this area

Required:

- i)** Prepare a partial budget **(15 marks)**
- ii)** Advise the farmer whether the change is worth - while or not. **(3 marks)**
- iii)** Give reasons for your answer (ii) above **(2 marks)**

Q5.

The following trial balance has been drawn up from the accounts of Endpages bookshop.

**Endpages Bookshop
Trial balance as at 31 December 2002**

	Dr	Cr
	£	£
Sales		151,500.00
Purchases	103,500.00	
Salaries and wages	18,700.00	
Office expenses	2,500.00	
Insurance	1,100.00	
Electricity	600.00	
Stationery	2,400.00	
Advertising	3,500.00	
Telephone	800.00	
Rates	3,000.00	
Discount allowed	100.00	
Discount received		200.00
Rent received		2,000.00
Returns inwards	1,500.00	
Returns outwards		3,500.00
Stock at 01 Jan 2001	46,000.00	
Premises	80,000.00	
Stock as at 31 Dec 2001	41,000.00	
Fixtures and fittings	5,000.00	
Debtors and Creditors	4,800.00	7,500.00
Cash in Hand	200.00	
Cash in bank		12,000.00
Capital		11,000.00
Drawings	14,000.00	
Stock as at Dec 2001		41,000.00
	<u>328,700.00</u>	<u>328,700.00</u>

Required

Prepare a trading profit and loss account for the year ended 31st Dec. 2002

(20 marks)