



(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2020/2021 ACADEMIC YEAR

FOURTH YEAR
SPECIAL/SUPPLEMENTARY EXAMINATIONS

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

COURSE CODE: IAE 482

COURSE TITLE: AGRIBUSINESS RECORDS AND ACCOUNTS

DATE: 11TH JANUARY 2022

TIME: 8 – 10 AM

INSTRUCTIONS TO CANDIDATES

Answer Question ONE and any other TWO Questions.

TIME: 2 Hours

This paper consists of 2 printed pages. Please Turn Over



KIBU observes ZERO tolerance to examination cheating

QUESTION ONE (30MARKS)

- a) Explain a cashbook (3mks)
- b) Enter the following transactions in a single column cashbook of Chwele Agribusiness traders ltd for May 2021 (27 mks)

May

1	Commenced business with cash	27000
5	Bought goods for cash	6000
10	Sold goods for cash	11,000
13	Paid cash to the bank	5000
14	Goods sold to Mr Wanakacha for cash	9000
21	Purchased vet drugs by cash	200
25	Paid security man by cash	14000
26	Commission by cash	700
29	Drew from Bank for use	4000
30	Rent paid by cheque	3000

QUESTION TWO (20MARKS)

Explain the uses of the following agribusiness documents

- i) Purchase order
- ii) Inventory book
- iii) A trial balance
- iv) Cheque

QUESTION THREE (20Marks)

- a) Distinguish between ash based system and accrual based system(3mks)
- b) Outline the importance of the following financial statements to an agribusiness organization(17mks)
 - i) Balance sheet
 - ii) Statement of owner equity

- iii) Income statement
- iv) Cash flows statement
- v) Cashflow plan

QUESTION FOUR (20Marks)

Assume you have joined anew agribusiness organization. Outline ten rules or steps that it new procuring entity will undertake once it has the basic documents from the Public Procurement and Asset Disposal Services Agency Board to ensure one of its departments receives services from a contractor who has not yet been known to the entity

QUESTION FIVE (20Marks)

Explain the impact of inventory valuation errors in the income statement and balance sheet