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*(Knowledge for Development)*

**KIBABII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**2022/2023 ACADEMIC YEAR**  
**THIRD YEAR 1ST SEMESTER**  
**MAIN EXAMINATIONS**

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


**COURSE CODE:** AEC 313  
**COURSE TITLE:** FARM BUSINESS MANAGEMENT II  
APPLICATIONS

**DATE:** 22<sup>ND</sup> DECEMBER 2022 **TIME:** 2 – 4 PM

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**INSTRUCTIONS TO CANDIDATES**

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

This paper consists of 4 printed pages. Please Turn Over 

KIBU observes ZERO tolerance to examination cheating

**Q1.**

The following information relates to XY Company for the year, 2017

- June 1 Started business with £50,000 in the bank.  
“ 2 Bought motor van paying by cheque £12,000.  
“ 5 Bought Fixtures £4,000 on credit from Office Masters Ltd.  
“ 8 Bought a van on credit from Motor Cars Ltd £8,000.  
“ 12 Took £1,000 out of the bank and put it into the cash till.  
“ 15 Bought Fixtures paying by cash £600.  
“ 19 Paid Motor Cars Ltd by cheque £8000.  
“ 21 A loan of £10,000 cash is received from J Marcus.  
“ 25 Paid £8,000 of the cash in hand into the bank account.  
“ 30 Bought more Fixtures paying by cheque £3,000.

**N/B** “Means the month of June, 2017.

**Required:**

Prepare the following accounts for XY Company.

- |      |                  |                  |
|------|------------------|------------------|
| i)   | Capital A/C      | <b>(3 marks)</b> |
| ii)  | Cash at Bank A/C | <b>(8 marks)</b> |
| iii) | Motor Van A/C    | <b>(3 marks)</b> |
| iv)  | Fixtures A/C     | <b>(4 marks)</b> |
| v)   | Creditors A/C    | <b>(4 marks)</b> |
| vi)  | Cash in Hand A/C | <b>(5 marks)</b> |
| vii) | Debtors A/C      | <b>(4 marks)</b> |

Q2.

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
	328,700.00	328,700.00

**Required**

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

**(20 marks)**



**Q3.**

Using examples, explain seven financial ratios

**(20 Marks)**

**Q4.**

Discuss the types of farm records kept by farmers

**(20 Marks)**

**Q5.**

- a) Explain methods of asset valuation
- b) Explain the constraints of record keeping

**(8 Marks)**

**(12 Marks)**