



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS 2022/2023 ACADEMIC YEAR THIRD YEAR 1ST SEMESTER SPECIAL/SUPPLEMENTARY 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: 7TH AUGUST 2023

TIME: 8 – 10 AM

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 SPINK Company for the year, 2018.

March	1	Started business with cash £1,000.
“	2	Bought goods on credit from A Cliks £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 Cliks £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 Cliks 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 | (8 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.

- a) Describe the phases of record keeping (8 Marks)
- b) Explain the economic problems of French bean producers in Kenya (12 Marks)

Q3.

- a) Explain the importance of farm records to a farmer (6 Marks)
- b) Explain the characteristics of a good record keeping system (6 Marks)
- c) Explain any two methods of primary record keeping (4 Marks)
- d) Differentiate between a balance sheet and an income statement (4 Marks)

Q4.

The following information relates to Viola farm during the year 2018.

Transaction	Amount (Ksh.)
Sales	151,500
Purchases	103,500
Salaries and wages	18,700
Office expenses	2,500
Insurance	1,100
Electricity	600
Stationery	2,400
Advertising	3,500
Telephone	800
Rates	3,000
Discount allowed	100
Discount received	200
Rent received	2,000
Return inwards	1,500
Return outwards	3,500
Stock at 01 Jan 2018	46,000
Premises	80,000

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Stock as at 31 Dec 2018	41,000
Fixtures and fitting	5,000
Debtors	4,800
Creditors	7,500
Cash in hand	200
Cash at bank	12,000
Capital	11,000
Drawings	14,000

Required

- a) Prepare a Trial balance for Viola farm (10 marks)
- b) Prepare a balance sheet for Viola farm (10 marks)

Q5.

A cashier in a firm starts with £2,000 in the month of March (that is the cash float). In the following week, the following payments are made:

	£
1 st March – bought stamps for	80
2 nd March – paid bus fare for	120
2 nd March – cleaning materials	240
3 rd March – bought fuel	150
3 rd March – cleaning wages	300
4 th March – bought stamps	200
4 th March – paid L. Thompson (creditor)	400
5 th March – fuel costs	150

On the 5th of March the cashier requested for a refund of the cash spent and this amount was reimbursed back.

Required:

- a) Prepare a detailed petty cash book showing the balance to be carried forward to the next period (10 marks)
- b) Prepare the relevant expense accounts, as they would appear on the General Ledger. (10 marks)