



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATION
2022/2023 ACADEMIC YEAR
FOURTH YEAR FIRST SEMESTER**

**SCHOOL OF NATURAL RESOURCES,
TOURISM AND HOSPITALITY
DEPARTMENT OF ANIMAL HEALTH**

**COURSE CODE: AHP 4206
COURSE TITLE: FARM ACCOUNTS &
MANAGEMENT**

DATE: 25/4/2023

TIME:0830-113 HRS

INSTRUCTIONS TO CANDIDATES

Answers question ONE and any other THREE

QUESTION ONE

- a) Name and briefly explain any five accounting principles governing accounting as a discipline? **(5 mks)**
- b) Highlight the users of accounting information indicating their uses of the information. **(5 mks)**
- c) Samuel Maina started a Maize plantation business on 1.1.2019 with cash of ksh 5,000,000. The following transaction took place during January 2019.

Jan-1 –Opened a bank account with KCB depositing ksh. 3,500,000

Jan 2- Bought wheat seeds for cash worth ksh.30,000

Jan 3-Bought a tractor for farming and paid by cheque ksh 1,000,000

Jan 4- Bought fertilizer worth ksh.50,000 and paid by cheque

Jan 5- Sold farm produce for cash ksh.500,000.

Jan 10-Paid expenses worth ksh.20,000 in cash

Jan 15 –Sold wheat harvested and received a cheque for ksh.1,500,000.

Jan 16- Deposited cash into the bank ksh.20,000

Jan 17- Bought farm inputs goods for cash ksh.20,000

Jan 20-Paid wages to an assistant ksh 10,000 in cash

Jan 22 – Cashed cheque for farm office expenses cash ksh.50,000

Jan 30- Paid for Tractor maintenance expenses ksh.20,000 in cash

Required: Prepare a Two Column cash book to record the transactions above.
(15 mks)

QUESTION TWO

A farm Plan is a programme of total farm activities of a farmer drawn out in advance. An optimum farm plan will satisfy all the resources constraints at the farm level and yield maximum profits. Highlight and briefly explain five characteristics which a good farm plan should have. **(15 mks)**

QUESTION THREE

The following trial balance was extracted from the books of Otien for the year ended 30 September 2022.

	Dr. Sh."000"	Cr. Sh."000"
Stock 1 October 2021	23,680	
Carriage outwards	2,000	
Carriage inwards	3,100	
Returns inwards	2,050	
Returns outwards		3,220
Purchases	118,740	
Sales		186,000
Salaries and wages	38,620	
Rent	3,040	
Insurance	780	
Motor expenses	6,640	
Office expenses	2,160	
Lighting and heating expenses	1,660	
General expenses	3,140	
Premises	50,000	
Motor vehicles	18,000	
Fixtures and fittings	3,500	
Debtors	38,960	
Creditors		17,310
Cash at bank	4,820	
Drawings	12,000	
Capital		126,360
	<u>332,890</u>	<u>332,890</u>

Required

a) Income Statement for the year ended 30th september 2022 **(9 mks)**

b) Statement of Financial Position as at 30th September 2022. **(6 mks)**

QUESTION FOUR

Mary Retailers, is small business owned by Mary. During the year to 31 December 2018 the following transactions occurred:

1st Mary withdrew a total of Sh.10,000 in cash

3rd Stock in trade was bought, all on credit, for Sh.34,000

5th Sales were made totaling 60,000 of stock in trade of these sales Sh.51,000 were on credit and Sh.9,000 for cash.

6th A total of Sh.16,000 was drawn from the bank in cash to the cash till.

8th Electricity for the year paid by cheque totaled Sh.2,000

10th Rates for the year paid by cheque totaled Sh.1,000

14th Wages for the year all paid cash totaled Sh.10,000

16th Sundry expenses all paid in cash totaled Sh.2,000

18th Creditors were paid a total of Sh.36,000 all by cheque

20th Debtors paid a total of Sh.54,000 all in cheques.

25th The bank charged interest on the loan deducting Sh.3,000

Required:

Enter the above transactions in appropriate ledger accounts. **(15mks)**

QUESTION FIVE

a) What are farm records?

(2mks)

b) List and explain three farm records a farmer is expected to keep on his farm.

(3mks)

c) Highlight the principles guiding keeping of good farm records.

(5mks)

D) State the various uses of farm records.

(5mks)

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