

CHUKA



UNIVERSITY

COLLEGE

UNIVERSITY EXAMINATIONS

**FIRST YEAR EXAMINATION FOR THE AWARD OF
DIPLOMA IN ANIMAL HEALTH AND PRODUCTION**

AGEC 0243: FARM MANAGEMENT AND ACCOUNTS

STREAM: DIP (ANHPD) Y1S2

TIME: 2 HOURS

DAY/DATE: THURSDAY 9/12/2010

8.30 A.M – 10.30 A.M.

INSTRUCTIONS:

Answer ALL questions in Section A and One (1) in Section B.

SECTION A

1. The desire to increase income by taking advantage of market opportunities requires farmers to become decision makers and better at competing in a risky and continuously changing environment.
 - (i) Discuss the major sources of risk in farming [5 marks]
 - (ii) Discuss some of the factors that need consideration when planning. [10 marks]

2.
 - (i) A farmer wants to analyze the decision to purchase replacements for a cow-calf herd rather than raise them and has come to you as an expert for advice with the following information. The farmer contemplates to sell a heifer calf that would have been held back from the herd at KES 60,000. The costs for developing the heifers include pasture maintenance at KES 2,000; grain fed at KES 4,000; Supplement and minerals KES 4,500; Hay fed at 12,000; Health utilities and other costs at KES 5,500; Labour costs at KES 5,000. Other costs, such as land ownership and depreciation on facilities, are not expected to change. The cost of purchasing a bred heifer is expected to be KES 120,000. It is also expected that there will be no reduced income, since cull cow sales would be the same for either alternative. Advice the farmer which alternative to take. [10 marks]
 - (ii) Discuss some of the limitations evident in partial budgeting analysis. [10 marks]

3. The following Trial Balance was extracted from Juja Enterprises, a farming concern as at 31st December 2009.

Trial Balance as at 31st December 2009.

	Dr. (KES)	Cr. (KES)
Sales		867000
Land	225000	
Cash at Bank	180000	
Cash in Hand	22500	
Water bills	9000	
Tractor	112500	
Creditors		120000
Salaries and Wages	75000	
Tractor Expenses	15000	
Returns inwards	1500	
Motor van	150000	
Debtors	240000	
Capital		450000
Drawings	30000	
Loan from A.F.C.		225000
Carriage outwards	1500	
Stock 1 st Jan. 2006	150000	
Purchases	450000	
	1662000	1662000

Stock at 31st December 2009 was 75000.

Required:

Draft Trading and Profit and Loss Account for the year to 31st December and Balance Sheet as at that date. [20 marks]

SECTION B

4. There are several pieces of farm records that need to be put together in order to see the complete record keeping picture referred to as the four basic phases or “puzzle pieces” for record keeping: Discuss this statement conclusively. [15 marks]
5. Accounting as it exists today may be viewed as a system of assumptions, doctrines, tenets, and conventions, all encompassed by the phrase “generally accepted accounting principles”. Discuss the various standards or rules for accounting principles. [15 marks]