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**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**P.O. Box 972-60200 – Meru-Kenya.**

 **Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411**

**Fax: 064-30321**

**Website:** [**www.must.ac.ke**](http://www.must.ac.ke) **Email:** **info@must.ac.ke**

**University Examinations 2015/2016**

SECOND YEAR, FIRST SEMESTER EXAMINATION FOR THE DIPLOMA IN AGRICULTURE

**BUS 0260: FARM MANAGEMENTS AND ACCOUNTS**

**DATE: NOVEMBER 2015 TIME: 11/2 HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Explain the characteristics of a good budget (5 Marks)
2. Highlight the classification of agriculture credit (5 Marks)
3. State the functions of farm management (5 Marks)
4. Explain the errors disclosed by the trial balance (5 Marks)
5. Explain the importance of farm records and accounts (5 Marks)
6. State the criteria of a good agricultural credit (5 Marks)

**QUESTION TWO (15 MARKS)**

1. In the books of PQR farm prepare a cash book (6 Marks)

1st Balance b/f cash Sh.50, 000

1st Balance b/f bank Sh.60, 000

4th Cash purchases discount Sh.2, 000

4th Cash withdraw for office use Sh.3, 000

5th Cash sales discount Sh.40, 000

10th Credit purchases Sh.5, 000

15th Purchase worth sh.20, 000 Sh.12, 000 cash balance to be paid

20th Credit sales to Musau Sh.30, 000

28th Cash withdraw from bank

 for personal use Sh.5, 000

30th Paid wages cheque Sh.9, 000

30th By payment of bank interest Sh.2, 000

Prepare a General Journal and enter all the transactions (10 Marks)

1. Prepare a single column cash book (5 Marks)

**QUESTION THREE (15 MARKS)**

1. Explain the reasons of preparing a cash flow budget (10 Marks)
2. Explain the five golden rules in farm accounting (5 Marks)

**QUESTION FOUR (15 MARKS)**

1. List the Risks and Uncertainties in agriculture and identify a remedy to each (10 Marks)
2. Highlight the steps of preparing the complete budget (5 Marks)