



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

SCHOOL OF AGRICULTURAL AND FOOD SCIENCES

**THIRD YEAR SECOND SEMESTER EXAMINATION FOR THE
DEGREE OF
BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT
2020/2021 ACADEMIC YEAR**

REGULAR (*Special Examination*)

COURSE CODE: AAE 3311

COURSE TITLE: FARM ACCOUNTS AND PLANNING

EXAM VENUE: **STREAM: BSC. (Agribusiness
Management; Agricultural & Extension Education; Horticulture; Animal Science)**

DATE: **EXAM SESSION:**

TIME: 2 HOURS

Instructions:

- 1. Answer ALL questions in section A and ANY other 2 Questions in section B**
- 2. Candidates are advised not to write on question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

SECTION A = 30 MARKS

Q1. Use the following information to prepare an Enterprise Budget for a cow/calf enterprise. The budget is for one (1) cow and contains a prorated share of the income from Steer and Heifer calves, and Cull cow.

Assume the cow produced (2) Heifer-calves, and three (3) Steer-calves over the next 8 years. One (1) Heifer calf was retained to replace the cow while one (1) was sold at 430 Kg for 5/= per Kg as well as the three (3) Steer calves at 460 Kg for 6/= per Kg. The Cow was culled for Ksh 4000/=. Expenses incurred over the production cycle include:

● Veterinary medicine	= 600/=	Pasture maintenance	= 450/=
● Interest on Livestock	= 400/=	Hired labour	= 500
● Purchase of supplements	= 250/=	Transport expenses	=600/=
● Repairs on fence	= 500/=	Depreciation expenses	=550/=
● Taxes paid	= 1500/=	Improved seeds	= 450/=
● Salt and minerals	= 700/=	Land charges	= 400/=
● Machinery expenses	= 650/=	Electricity expenses	= 300/=
● Rent	= 1600/=		

- Prepare an Enterprise Budget for the Cow/Calf production (15 marks).
- What was the Income Above Variable Costs (IAVC)? (4 marks).
- What was the Total Fixed cost? (3 marks).
- What was the estimated profit? (4 marks).
- Interpret the results. (4 marks)

SECTION B = 40 MARKS

Q2. . A farmer is planning a Cross-breed Dairy goat rearing enterprise. It is assumed that a suitable structure, that is, a Zero-grazing unit which can accommodate a batch of 15 Weaners is available.

Weaners are purchased and reared into Does and Bucks for meat and dairy purposes. It takes 4 months to rear a batch of Weaners. As soon as 1 batch is sold out, another batch is bought. Feed requirements for the batch increases as the Weaners grow.

The price of a Weaner is KES 3500/= and the average sale price for both Does and Bucks is KES 15000/= per goat. Feed costs in the first, second, third, and the fourth months are 500/=, 550, 650/=, and 800/= respectively.

- Prepare a Complete Budget for the Cross-breed Dairy rearing enterprise (15 Marks).
- What was the monthly cash deficit at the end of the 7th month (July)? (1 Mark).
- What was the cumulative balance at the end of the month of May? (1 Mark).
- What was the net gain or loss at the end of the year? Briefly explain your findings (3 Marks).

Q 3. When we add up what accounting records say we own and subtract what the business owes, we can then identify what the business is worth. All of financial accounting is based on this simple idea often called “the accounting Equation”

a) Illustrate the effects and entry of the following business transactions on the balance sheet per day:

(i) On June 1, 2017, a Farmer started a business and deposited 50,000/= in a bank account opened for the Agribusiness. **(2 Marks)**.

(ii) On June 3rd, 2017, the Farmer buys a stall for 30,000/= pays by cheque **(2 Marks)**.

(iii) On June 6th, 2017, bought some goods for 10000/= from Bondo Agrovet and agree to pay for them later **(2 Marks)**.

(iv) On June 10th, 2017, good which cost 2000/= were sold to Cajoo SM to be paid later. **(2 Marks)**.

(v) On June 13th, 2017, goods worth 1000/= were sold to D. Hotel for immediate cheque payment. **(4 Marks)**.

(vi) On June 15th, 2017, the Farmer pays a cheque for 4000/= to Bondo Agrovet owing **(4 Marks)**.

(vii) On June 30th, 2017, Cajoo SM who owed us makes payment of 1,500/= **(4 Marks)**.

Q 4. A) Distinguish between “Farm Accounts” and “Farm Records”

b) State and briefly explain any 3 examples of Physical farm records and their purpose **(12 Marks)**.

c) Briefly explain 2 reasons why ratios are used in the analysis of the Balance sheet of a business. **(4 Marks)**.

d) Define the following Farming as Business terminologies*

i) Networth ii) Salvage Value iii) Notes Payable iv) LCM.

***@ 1 Mark each**