

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF AGRICULTURE AND ENVIRONMENTAL SCIENCE

**Department of Agricultural Economics, Education and Extension
Bachelor of Agricultural Science Honours Degree Part II Examination**

AGM 215

FARM ACCOUNTING

3 HOURS (100 Marks)

INSTRUCTIONS TO CANDIDATES

Answer question 1 and either question 2 or 3.

Question 1 is compulsory and carries 75 marks. The optional question carries 25 marks.

- 1) Consider the following transactions for Bindura Farm:

Transaction #1: On December 1, 2016, Bindura Farm started by investing \$10,000.

Transaction #2: On December 5, Bindura Farm paid registration and licensing fees for the business, \$370.

Transaction #3: On December 6, the farm acquired tables, chairs, shelves, and other fixtures for a total of \$3,000. The entire amount was paid in cash.

Transaction #4: On December 7, the Farm acquired service equipment for \$16,000. The Farm paid a 50% down payment and the balance will be paid after 60 days.

Transaction #5: Also on December 7, Bindura Farm purchased service supplies on account amounting to \$1,500.

Transaction #6: On December 9, the Farm received \$1,900 for services rendered.

Transaction #7: On December 12, the Farm rendered services on account, \$4,250.00. As per agreement with the customer, the amount is to be collected after 10 days.

Transaction #8: On December 14, Bindura Farm invested an additional \$3,200.00 into the business.

Transaction #9: Rendered services to a big corporation on December 15. As per agreement, the \$3,400 amount due will be collected after 30 days.

Transaction #10: On December 22, the Farm collected from the customer in transaction #7.

Transaction #11: On December 23, the Farm paid some of its liability in transaction #5 by issuing a check. The Farm paid \$500 of the \$1,500 payable.

Transaction #12: On December 25, the owner withdrew cash due to an emergency need, \$7,000 from the Farm.

Transaction #13: On December 29, the Farm paid rent for December, \$1,500.

Transaction #14: On December 30, the Farm acquired a \$12,000 short-term bank loan; the entire amount plus a 10% interest is payable after 1 year.

Transaction #15: On December 31, the Farm paid salaries to its employees, \$3,500.

- a) Record these transactions in the general journal for Bindura Farm [15 marks]
- b) Post the entries to the following ledger accounts: [20 marks]
- | | | |
|-------------------|---------------------|------------------------|
| Accounts Payable | Accounts Receivable | Drawings |
| Capital | Cash | Furniture and Fixtures |
| Loans Payable | Rent Expense | Salaries Expense |
| Service Equipment | Service Revenue | Service Revenue |
| Service Supplies | Taxes and Licenses | |
- c) Prepare the unadjusted trial balance for Bindura Farm [10 marks]
- d) Extract the income statement and statement of retained earnings assuming that Bindura Farm did not distribute any dividends. [15 marks]
- e) Prepare the balance sheet [15 marks]
- 2) Given the following information, prepare the crop account showing the profit made by the crop section. [25 marks]

| | | |
|---|-------|--------|
| Opening stock | 2,600 | |
| Grain | 600 | |
| Fertilizers | 400 | 3,600 |
| Purchases | | |
| Seeds | 400 | |
| Fertilizers | 600 | 1,000 |
| Wages paid in cash | | 3,500 |
| Wages paid in kind by giving grain | | 2,500 |
| Sale of grain | | 25,400 |
| Grain consumed by the proprietor | | 600 |
| Grain consumed on the livestock section | | 2,400 |
| Depreciation on farm machinery | | 1,000 |
| Repairs and maintenance of farm machinery | | 2,000 |
| Closing stocks | | |
| Grain | 2,000 | |
| Seeds | 400 | |
| Fertilizers | 600 | 3,000 |

- 3) Identify at least two revenue centres and at least three cost centres for the following farm enterprises:
- a) Poultry [5 marks]
- b) Horticulture [5 marks]
- c) Dairy [5 marks]
- d) Fisheries [5 marks]
- e) Wheat [5 marks]

END OF PAPER