## 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** 

OC12024

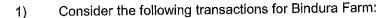
#### **FARM ACCOUNTING**

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.



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) b)		-	arm [15 marks] [20 marks] Drawings Furniture and Fixtures Salaries Expense Service Revenue
c)	Prepare the unadjusted trial bala	ance for Bindura Farm	[10 marks]
d)	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 sho the profit made by the crop section.		wing [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 Sale of grain		2,500 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 Fertilizers	400	ing. Washington
	e e i finance a	600	3,000
3)	Identify at least two revenue centres and at least three cost cer		ntres
	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**