

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF AGRICULTURE AND ENVIRONMENTAL SCIENCE

Department of Agricultural Economics, Education and Extension
BSc Agricultural Science (Honours) Part II Examination

FARM ACCOUNTING

AGM215

3 HOURS (100 Marks)

DECEMBER

INSTRUCTIONS

Answer question 1 and any two others. Each question carries 25 marks.

1) Suppose you were given the following transactions for Zim Farm Repairs:

Date	Transaction
2 Aug	Zim Farm Repairs contributes \$15000 in cash to capitalize the business.
7 Aug	Purchased \$5000 farm machinery parts on account, payable in 30 days.
16 Aug	Paid first month's farm workshop rent of \$2000.
18 Aug	Repaired farm machinery for \$2200; collected \$800 cash; billed customers for the \$1400 balance.
19 Aug	\$550 in farm machinery parts were used.
24 Aug	Collected \$850 from customer accounts.
27 Aug	Paid \$1000 to suppliers for farm machinery parts purchased earlier in the month.

a) **Journalize** all the transactions. Use the double entry method showing debit and credit journal entries
[21 marks]

b) Post the transaction entries and balance off the following **ledger** accounts
[14 marks]

- cash
- capital
- farm machinery
- accounts payable
- expenses
- accounts receivable
- revenue

c) Prepare the **trial balance**
[15 marks]

2) a) Transactions relating to farming activities may be categorized into four. Explain the following types of transactions.
[10 marks]

- i. cash
- ii. credit
- iii. exchange
- iv. notional

b) Describe in detail any 6 of the following types of books of farm accounts.
[15 marks]

- *Cash book*
- *Debtors and Creditors Register*
- *Stock Register*
- *Fixed Assets Register*
- *Loan Register*
- *Notional Transactions Register*
- *Cost Analysis Register*

3) Giving examples, explain the apportionment basis for common (overhead) farm costs.

[25 marks]

4) Suppose you were given the following farm information pertaining to a cattle enterprise. Prepare the cattle account showing the profit.

[25 marks]

Opening stock of livestock	1 50,000
Closing stock of livestock	2 50,000
Opening stock of Cattle feed	8,000
Closing stock of cattle feed	6,000
Purchase of cattle during the year	4 00,000
Sale of cattle during the year	6 00,000
Sale of carcasses	2,000
Purchase of cattle feed	25,000
Wages for rearing cattle	8,000
Crop worth Rs. 10,000 grown in the farm was used for feeding cattle. Out of calves born, four died and their carcasses realised 100	

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