



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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University Examinations 2023/2024

SECOND YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN HORTICULTURE, BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION AND BACHELOR OF SCIENCE IN ANIMAL HEALTH AND PRODUCTION.

AAB 3225: AGRIBUSINESS ACCOUNTING AND FINANCE

DATE: DECEMBER 2023

TIME: 2 HOURS

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

QUESTION ONE (30 MARKS)

- a) Explain three rules of double entry (6 marks)
- b) Explain an accounting cycle (6 marks)
- c) Explain the golden rules in accounting (6 marks)
- d) Highlight reasons why a trail balance may fail to balance (6 marks)
- e) Explain reasons why farm capital may change (6 marks)

QUESTION TWO (20 MARKS)

- a) Discuss the various classifications of agricultural credit (12 marks)
- b) Explain the determinants of the cost of credit (8 marks)

QUESTION THREE (20 MARKS)

- a) Discuss the principles of a good credit criteria (12 marks)
- b) Explain the types of cash book (8 marks)



MUST is ISO 9001:2015 and



ISO/IEC 27001:2013 CERTIFIED

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QUESTION FOUR (20 MARKS)

The following information appeared in the books of ABC Farm on 31.12.2016

Particulars	Amount (Ksh)	Particulars	Amount (Ksh)
Land and building	2,500,000	Borehole	65,000
Machinery	1,220,000	Fence	90,000
Fixers and fitting	40,000	Cash crops	50,000
AFC Loan	750,000	Livestock	87,000
Creditor ART	80,000	Stock in stores	60,000
Creditor Alice	70,000	Drawings	120,000
Investment	50,000	Loss 31.12.2016	200,000
Bank loan	500,000	Interest payable to loans	47,500
Debtor Musa	20,500	Depreciation on Machinery	20,000
Debtor Caroline	5,000	Cash at bank	200,000
Debtor Doreen	60,000	Capital 1.1.2016	3,200,000

Required:

- Prepare a Balance Sheet (16 marks)
- Explain the elements of the book keeping equation (4 marks)

