



NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
MARCH/APRIL 2016 EXAMINATION
SCHOOL OF AGRICULTURAL SCIENCES

Course Code:	AEC306
Course Title:	Farm Records and Accounting.
Time Allowed:	2 Hours
Instructions:	Answer any four (4) Questions

- 1a. List the three (3) types of records a farmer should keep and two(2) measures of profitability
(5 marks).
- 1b. Outline the five (5) principles of record keeping
(10 marks).
- 1c. Outline the objectives of double entry system
(10 marks).
- 2a. Explain the following terms
(i). Current ratio **(4 marks).**
(ii). Debt to asset ratio **(4marks)**
(iii). Earned financial progress **(2 marks).**
- 2b. State the three (3) basic divisions of book keeping and accounting and briefly explain each of them
(15 marks).
- 3a. List and explain the tools used for analyzing farm records
(17 marks).
- 3b. State the four (4) major ways in which farm assets can be valued
(8 marks).
- 4a. Explain the term Trial balance as it is used in accounting
(5 marks).
- 4b. State the procedures for extracting the trial balance **(10 marks).**
- 4c. outline the problems associated with single entry system
(10 marks).

5a. Outline the methods used in calculating Depreciation **(5 marks).**

5b. A machine cost 100,000 and the rates of Depreciation for its use is 20% per annum. Calculate the Depreciation charge on the machine for 4years using the reducing balance method **(20 marks).**

6a. What do you understand by the term Bad Debt as it used in farm accounting and what are the circumstances leading to it ? **(4 marks).**

6b. The accounting year of Ajewole and Sons Enterprises runs from January to December every year. During the three years ended 31st December 2004, 2005 and 2006, the following debt were found to be irrecoverable and were subsequently written off to bad debt account on the stated dates below:

	₦
28 th February 2004 T.Taiwo	10,000
31 st May, 2004 K. Kehinde	25,000
30 th November, 2004 I. Idowu	15.000
31 st January, 2005 A. Alaba	30,000
31 st July, 2005 O.Ojo	5,000
31 st August, 2006 Y.Yemisi	8,000
1 st December, 2006 K. Kokumo	9,000

On 31st December, 2004, 2005 and 2006, the outstanding figure for total debtors from sales ledger account was ₦600,000, ₦800,000 and ₦500,000 respectively. It is the company's policy to make 5% provision for doubtful debts at the end of the years.

You are required to prepare for the years 2004 to 2006.

- Bad debt accounts with provision inclusive
- Profit and loss account (extracts)

(21marks).