**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**FACULTY OF AGRICULTURAL SCIENCES**

**DEPARTMENT AGRICULTURAL ECONOMICS AND EXTENSION**

**FIRST SEMESTER EXAMINATION, APRIL/MAY, 2019**

**Programme: Agricultural Economics and Agribusiness**

**Course Title: Farm Records and Accounting**

**Course code: AEA 306**

**Credit Unit: 2**

**Time Allowed: 2 Hours**

**INSTRUCTION:**

**Answer Compulsory question 1 (25 marks) and any 3 questions (15 marks each).**

**Question 1**

( a) Define Balance Sheet 3 marks

( b) Explain the following relationships on a typical Net worth statement:

( i) Current ratio ( Liquidity) 3 marks

( ii)Debt or Asset ( Solvency) 3 marks

( c) Explain 4 principles of record keeping 8 marks

( d) Discuss the following measure of profitability:

( i) Return on assets ( ROA) 3 marks

( ii) Return on Equity ( ROE) 3 marks

( iii) Farm Equity ( average) 2 marks

Total = 3 + 6 + 8 + 8 = 25 marks

**Question 2**

( a) Discuss the 3 basic types of farm records 15 marks

**Question 3**

( a) What is Farm Assets Valuation ? 3 marks

( b) Discuss 4 methods of Farm Assets Valuation 12 marks

**Question 4**

( a) Explain the term depreciation 2 marks

( b) Explain the following depreciation terminologies

( i) Original value 2 marks

( ii) Residual value 2 marks

( iii) Life span of assets 2 marks

( iv) Obsolescence 2 marks

( c) Using the Straight Line Method calculate the depreciation charge per annum on a machine costing N300,000 having a life span of 5 years with a break – off value of N10,000 at the end of its useful life. 5 marks

**Question 5**

( a) Discuss 4 different errors affecting the trial balance 12 marks

( b) Discuss briefly Profit and Loss Appropriation account 3 marks

**Question 6**

( a) Briefly explain the Double – Entry system of book keeping. 3 marks

( b) Give 6 objectives of the Double – Entry system of book keeping 12mks