

PAST EXAM PAPERS

THEORY

FARM ACCOUNTS

1. For what purposes does a farmer prepare a General Profit & Loss Account (2)

2. Outline the advantages of preparing farm enterprise analysis accounts (3)

2015

3. Farmers prepare accounts to ascertain net profit. For what other purposes do they prepare accounts? (3)

2012

4. Which account, other than drawings, is affected by "farm produce used by family"? Explain your answer. (3)

2009

5. Give three reasons why farmers should keep a full set of accounts. (8)

2006

2015

Purposes of a general Profit & Loss Account (2)

1. Expenses or gains that cannot be allocated directly to the individual farm enterprises are included in this account.
2. It is used to ascertain the overall profit or loss of a farm.

Advantages of preparing farm enterprise analysis accounts (3)

1. This allows better planning and decision making and resources can be diverted elsewhere if necessary.
2. Preparing farm enterprise analysis accounts allows costs to be allocated to the relevant individual activity within the farm.
3. The farmer can find the profit/loss on each individual farm activity. The contribution of an individual enterprise towards total profit can be seen.

2012

Farmers prepare accounts to ascertain net profit. For what other purposes do they prepare accounts? (3)

Purpose of farm accounts

1. To establish the performance of each section of the farm for comparative purposes
2. To back up applications for bank loans and specific grants
3. To ascertain tax liability
4. To facilitate planning/budgeting
5. To find out the net worth of the farm
6. To find out the amount owed by and owed to the farmer

2009

Which account, other than drawings, is affected by "farm produce used by family"? Explain your answer. (3)

Drawings are debited and sales are credited. Sales are credited instead of purchases because the farm produce are produced rather than purchased

2006

Give three reasons why farmers should keep a full set of accounts. (8)

1. To find out the profit of the farm
2. To find out the net worth of the farm
3. To find out the profit of each section of the farm
4. To back up applications for grants and bank loans
5. To facilitate planning/ budgeting