

#### 4. Farm Accounts

Among the assets and liabilities of Tom and Anne Barry, who carry on a mixed farming business, on 1/1/2008 are: Land and Buildings at cost €510,000; Machinery at cost €90,000; Electricity due €450; Value of Cattle €80,000; Milk cheque due €2,600; Stock of Fuel €850 and Value of Sheep €20,000.

The following is a summary taken from their cheque payments and lodgements books for the year ended 31/12/2008.

<b>Lodgements</b>	<b>€</b>	<b>Cheque Payments</b>	<b>€</b>
Balance 1/1/2008	33,100	Fertiliser	2,500
Milk	29,000	General farm expenses	13,200
Sheep	24,000	Dairy wages	2,000
Cattle	16,000	Sheep	20,000
Lambs	14,300	Cattle	15,000
Calves	6,100	Light, heat and fuel	3,600
Single Payment – Sheep	2,500	Machinery	7,000
Single Payment – Cattle	3,000	Repairs	6,600
Wool	1,400	Veterinary fees and medicines	1,850
Forestry premium	1,900	Bank Loan plus 18 months' interest	
Six months interest from		at 4% per annum on 30/4/2008	9,540
3% Investment Bond	900	Balance 31/12/2008	50,910
	<u>€132,200</u>		<u>€132,200</u>

The following information and instructions are to be taken into account:

- |  | <b>Cattle</b> | <b>Sheep</b> |
|--|---------------|--------------|
| (i) Value of Livestock on 31/12/2008 was | €84,000       | €23,000      |
- (ii) Farm produce used by the family during the year – Milk €900; Lamb €500.
- (iii) General farm expenses, fertiliser, and veterinary fees and medicines are to be apportioned 70% to 'Cattle and Milk' and 30% to 'Sheep'.
- (iv) Other expenses are to be apportioned 80% to farm and 20% to household.
- (v) Depreciation to be provided on the following:  
Machinery at the rate of 10% of cost per annum.  
Land and Buildings at 2% per annum. (Land at cost was €300,000).
- (vi) Veterinary fees and medicines include a cheque for family health insurance for €1,100.
- (vii) On 31/12/2008 a Milk cheque was due €1,600, Creditors for fertilisers amounted to €500 and Stock of Fuel was €600.

**You are required to:**

- (a) Prepare a Statement of Capital for the farm on 1/1/2008. (20)
- (b) Prepare an Enterprise Analysis Account for 'Cattle and Milk' and 'Sheep' for the year ended 31/12/2008. (20)
- (c) Prepare a general Profit and Loss account for the year ended 31/12/2008. (12)
- (d) (i) Which account, other than drawings, is affected by "farm produce used by family"? Explain your answer.
- (ii) Prepare the Barrys' Drawings Account. (8)

**(60 marks)**