

SUBJECT: AGRICULTURAL SCIENCE

CLASS: JSS3

WEEK: 9 AND 10

TERM: FIRST TERM

TOPIC: FARM RECORD AND FARM ACCOUNT

MEANING OF FARM ACCOUNT AND RECORDS

FARM ACCOUNT

Farm account are statement of money paid out or received for good and services used in a farming business.

FARM RECORD

Farm records are written documents, showing major activities going on in the farming business.

IMPORTANCE OF FARM ACCOUNTS/RECORDS

1. It enables the farmer to monitor the changes in prices of products brought or sold.
2. It shows the financial position of the farm
3. It helps to determine profit
4. Detection of fraudulent decisions
5. For the procurement of loans
6. For determining the actual worth of the farm
7. For comparing management efficiency
8. For determination of annual tax
9. To evaluate the performance of an enterprise
10. To estimate future returns.

TYPES OF FARM RECORDS

1. FARM DIARY: This is the record of daily activities
2. FARM INVENTORY: this is the list of all assets on the farm and their money worth or value
3. SALES AND PURCHASE RECORD: A record of revenue and expenses made by the farm business.
4. YIELD OR PRODUCTION RECORD: it contains the information on the output of crops and animal product.
5. PAYROLL OR LABOUR RECORD: it shows the amount and types of labour hired or employed to work on the farm and rate at which their wages are paid.
6. FARM INPUT UTILIZATION RECORD: it shows the inputs required, utilized and their level of output application.

TYPES OF FARM ACCOUNT

1. SALES ACCOUNT: Sales account is also known as sales and receipt account .this shows data of farm produce, the quantity, and date sold, to whom and at what price.
2. PURCHASE ACCOUNT: it is also known as purchased for use on the farm.
3. FARM VALUATION: this is the value of the farm at the beginning and end of the farm production.at the beginning, it is called opening valuation while at the end it is called closing valuation.
4. CASH ANALYSIS ACCOUNT: it shows the details of the income and expenditure of a farm over a given period of time.
5. FARM INCOME STATEMENT: it comprises of all the farm receipts (sales) and expenses of time as shown below:

INCOME STATEMENT OF AKANDE FOR OCTOBER,1995

EXPENSE	#	RECIEPT	#
Feeds	2000	egg	5000
drugs	400	Culled layer	3000
water	100	manure	200
labour	500		
fuel	200		
Net income	5000		
total	8,200		8,200

6. BALANCE SHEET OR NET WORTH STATEMENT: The balance sheet shows the capital or financial position of the farm at the end of the accounting period usually a year.
7. PROFIT AND LOSS ACCOUNT: This is the type of account prepared at the end of the business period, usually a year.by farmers with the purpose of knowing whether his business is making profit or loss.in this account, all expenses and purchases are listed on the left hand side i.e. and debit side and all receipt on sales are recorded on the right hand i.e. credit side .closing valuation is also put on the right while opening valuation is put on the left.

IMPORTANCE OF PROFIT AND LOSS ACCOUNT

1. It helps to detect if the farm is making profit or a loss.
2. It helps to determine the overall performances of the farm at the end of the account period
3. It aids future planning of the farm for better results.

Example

1. Cost of feed 500
2. Cost of drugs #200
3. Sales of drugs #2000
4. Eggs for domestic use #200
5. Loss due to mortality #300
6. Value of stick left #600
7. Farm wages #400
8. Sales of spent layers #1000

9. Transportation #300
10. Depreciation #200
11. Electricity #300
12. Net profit #1600

Solution

SEGUN FARMS PROFIT AND LOSS ACCOUNT AS AT 31ST DECEMBER 2017

DEBIT			CREDIT		
S/N	ITEMS	#	S/N	ITEMS	#
1	Cost of feeds	500	1	Sales of spent layers	2000
2	Cost of drugs	200	2	Eggs for domestic use	200
3	Loss due to mortality	300	3	Value of stick left	600
4	Farm wages	400	4	Sales of spent layers	1000
5	Transportation cost	300			
6	depreciation	200			
7	Electricity bill	300			
8	Net profit	1600			
	Grand total	3800	Grand total	3800	

Assignment

1. List five types of farm record
2. Explain any two of record mentioned
3. List five types of farm account
4. Explain the profit and loss account