4. **Farm Accounts**

The following were the assets and liabilities of the Carter Family who carry on a mixed farming business on 01/01/2010:

Land €600,000; Farm Buildings €280,000; Machinery at cost €75,000; Value of sheep €24,000; Value of cattle/cows €68,000; Electricity due €300; Cash in Bank €9,800.

You are required to:

(a) Calculate the Carter Family Capital on 01/01/2010. (20)

The following is a summary of the farm’s receipts and payments for the year ended 31/12/2010.

<table>
<thead>
<tr>
<th>Receipts</th>
<th>€</th>
<th>Payments</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk</td>
<td>32,000</td>
<td>Fertilizer</td>
<td>8,900</td>
</tr>
<tr>
<td>Sale of Wool</td>
<td>1,300</td>
<td>Purchases of Sheep</td>
<td>6,200</td>
</tr>
<tr>
<td>Sale of Lambs</td>
<td>10,900</td>
<td>Purchases of Cattle</td>
<td>9,700</td>
</tr>
<tr>
<td>Sale of Cattle</td>
<td>83,000</td>
<td>Electricity</td>
<td>4,200</td>
</tr>
<tr>
<td>Single Farm Payment</td>
<td>16,400</td>
<td>Repairs</td>
<td>1,800</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wages</td>
<td>26,200</td>
</tr>
</tbody>
</table>

The following additional information is to be taken into account at 31/12/2010:

(i) Closing Stocks 31/12/2010:
   - Value of Cattle/Cows €29,000
   - Value of Sheep €25,000

(ii) The Single Farm Payment is to be divided (allocated) between the two enterprises in the ratio:
   - Cattle/Cows 75%
   - Sheep 25%

(iii) Electricity due on 31/12/2010 €400

(iv) Fertilizer, Electricity, Repairs and Wages to be divided (allocated) equally between the two enterprises

(v) Milk used by the family during the year €1,750
    Lamb used by the family during the year €500

You are required to:

(b) (i) Prepare an Enterprise Analysis Account for ‘Cattle/Milk’ for the year ended 31/12/2010.
   (ii) Prepare an Enterprise Analysis Account for ‘Sheep’ for the year ended 31/12/2010. (34)

(c) Explain two reasons why farmers keep a full set of accounts. (6)

(60 marks)