



2nd SEM. 2010/2011

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UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

PROGRAMME: B.Sc III and IV in Agricultural Economics and
Agribusiness Management

COURSE CODE: AEM 308/407

TITLE OF PAPER: AGRICULTURAL FINANCE

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION: 1. **ANSWER QUESTION NUMBER ONE AND ANY
OTHER TWO QUESTIONS**

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THE CHIEF INVIGILATOR

Question 1

The following balances were extracted from the books of R. Oscar (a livestock feed seller) at the close of business on 31st December, 2005

Purchases	928,000
Sales	1,571,650
Cash at bank	41,000
Cash at hand	3,240
Capital	114,000
Drawings	71,000
Office furniture	29,000
Rent	34,000
Wages and salaries	314,000
Discount received	1,600
Discounts allowed	8,200
Accounts receivable	123,160
Accounts payable	52,450
Stock	41,200
Allowance for doubtful debts	4,050
Delivery van	37,500
Van running cost	6150
Bad debt written off	7,300
Machinery	100,000

Notes:

- i. Inventory 31/12/05 – E24,000
- ii. Wages and salaries accrued at 31/12/05 – E3,400
- iii. Rent prepaid at 31/12/05 –E2,300
- iv. Van running cost owing at 31/12/05 – E720
- v. Increase the allowance for doubtful debt by E910
- vi. Provide for depreciation as follows: Office furniture – E3,800; Delivery van – E12,500; Machinery – 10% p.a. straight line method

Required:

- a) Draw the trial balance as at 31/12/05
- b) Prepare the income statement for the year ending 31st Dec, 2005
- c) Prepare the balance sheet statement as at 31/12/05 **(40 MARKS)**

Question 2

- (a) Discuss the various methods of acquiring capital to agriculture **(20 MARKS)**
- (b) Which of the methods of capital acquisitions are significant in Swaziland agriculture and why? **(10 MARKS)**

Question 3

- a) List and discuss the errors of Trial Balance **(20 Marks)**
- b) What is agricultural finance? **(10 Marks)**

Question 4

You are the agricultural credit officer of a commercial bank in Swaziland. Discuss your considerations in loan approval to lenders. **(30 MARKS)**