



SUPPLEMENTARY 2010/2011

page 1 of 3

UNIVERSITY OF SWAZILAND

SUPPLEMENTARY 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**

**DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN GRANTED BY
THE CHIEF INVIGILATOR**

Question 1

1. The balances in Table 1 were extracted from the books of T. Simelane (a livestock feed seller) at the close of business on 31st December, 2005.

Table 1. List of balances

Items	Amount (E)
Purchases	927,000
Sales	1,570,650
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	2,600
Discounts allowed	9,200
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:

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

Required:

- d) Draw the trial balance as at 31/12/05
- e) Prepare the income statement for the year ending 31st Dec, 2005
- f) Prepare the balance sheet statement as at 31/12/05 **(40 Marks)**

Question 2

- (a) What is financial intermediation in agriculture? **(5 MARKS)**
- (b) Discuss the different financial intermediaries in Swaziland agriculture and their relative importance? **(25 MARKS)**

Question 3

A crop business farm has been in operation for four years keeping records of its financial and economic performances. You are invited as an agricultural financial expert for analyses, what are the analyses factors to use in evaluating the farm?

30 MARKS

Question 4

You are the agricultural lending officer of a Non-Governmental Lending Organisation in Swaziland; discuss your considerations in loan approval to lenders.
(30 MARKS)