



1st SEM. 2015/2016

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UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

PROGRAMME: BSc. in Agric. Economics and Agribusiness Management Year 1

COURSE CODE: AEM 103

TITLE OF PAPER: INTRODUCTION TO AGRIBUSINESS ACCOUNTING

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION: 1. ANSWER ALL QUESTIONS
2. EACH QUESTION CARRIES TWENTY FIVE (25) MARKS

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CHIEF INVIGILATOR**

Question 1

- a. Discuss clearly any three (3) General Accepted Accounting Principles (GAAP). (12 marks)
- b. Johnson is considering selling T-shirts during the varsity games. Suppose Jane has developed the following estimates:

- Sales price per shirt E12
- Cost per shirt E7
- # of shirts sold per game day 50
- University fee per game day E100

NB: Jane, will sell only if she expects to make a **profit**.

- i. How much would Jane make? Basing on your answer, should she continue with the business idea? Explain your answer. (5 marks)
- ii. The next day Jane, decides to sell the t-shirt, however, she manages to sell only 40. How much did she make? (5 marks)
- iii. What conclusions can you make about accounting with regard to i and ii? (3 marks)

Question 2

A textile company in Matsapha manufactures a number of textile equipment. A singer machine is one of the products that sells for E180/unit. The total fixed expenses related to the machine are E270,000 per month & variable expenses involved in manufacturing this product are E126 per unit. The monthly sales are 8,000 machines.

- a. Compute the Break-Even-Point (BEP) of the company in units. (5 marks)
- b. How much sales revenue per month? (5 marks)
- c. How much profit does the textile firm makes? (5 marks)
- d. What are the advantages of budgets as a cost control technique? (10 marks)

Question 3

a. Define the following terms and give example where applicable.

- i. Marginal Costing (4 marks)
- ii. Overhead (4 marks)
- iii. Prime Cost (5 marks)

b. Fill in the missing information in Basolile's Income Statement the year ending 30 April 2013. (12 marks)

ITEM	EMALANGENI
Sales Revenue	229,000
Cost of Goods Sold	114,000
Gross Profit	a. _____
Operating Expenses	
Rent	60,000
Insurance	2,000
Wages	30,000
Stationary	2,000
Communication	1,500
b. _____	c. _____
Net Profit before Tax	d. _____
Tax (15%)	e. _____
Net Profit	f. _____

Question 4

The following information has been obtained from the records from Hyper Investments for the period from June 1 to 30 June, 2008.

	Emalangeneni
Cost of raw materials on June 1, 2008	30,000
Purchase of raw materials during the month	450,000
Wages paid	230,000
Factory Overheads	92,000
Cost of work in progress on June 1, 2008	12,000
Cost of raw materials on June 30, 2008	15,000
Cost of stock of finished goods on June 1, 2008	60,000
Cost of stock of finished goods on June 30, 2008	55,000
Selling and distribution overheads	20,000
Sales	900,000
Administration Overheads	30,000

a. Prepare a statement of Cost (20 marks)

b. How much profit has been earned by Hyper Investments? (5 marks)