

1st SEM. 2018



Page 1 of 3

UNIVERSITY OF ESWATINI

RE-SIT/SUPPLEMENTARY PAPER

PROGRAMME: BSc. in Agricultural Economics and Agribusiness Management Year I

COURSE CODE: AEM103

TITLE OF PAPER: AGRIBUSINESS ACCOUNTING

TIME ALLOWED: 2: 00 HOURS

INSTRUCTION: 1. ANSWER ALL FOUR QUESTIONS
2. EACH QUESTION CARRIES 25 MARKS

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Question 1

- a. Briefly explain what the following people/organizations use accounting for.
- Financial institutions (3 marks)
 - Government (3 marks)
 - Creditors (3 marks)
 - Non-Governmental Organizations (3 marks)
- b. What major decisions can an agribusiness manager make from accounting records? (13 marks)

Question 2

- Give three reasons why it is important to keep good records? (12 marks)
- Explain any three requirements you need to carry out when conducting a budget. (13 marks)

Question 3

- a. Write short notes about the following and give examples (20 marks)
- Retained earnings
 - Marginal costing
 - Indirect cost
 - Account receivables and accounts payable
- b. What is the relationship between a balance sheet and the profit and loss statement? (5 marks)

Question 4

- a. Use the information in the table to decide on which product among the 3 is more profitable? Show all calculation to justify your answer. (10 marks)

	PRODUCT A	PRODUCT B	PRODUCT C
Sales	80,000	250,000	90,000
Variable Costs:			
Factory Cost	40,000	174,000	76,500
Selling & Admin Cost	14,000	14,000	7,000
Total MC			
Contribution	26,000	62,000	6,500
Fixed Cost	8,500	19,200	9,800
Profit			
Profit-Volume Ratio			

- b. There are three parts to the statement of the cash flow: operating activities, investing activities and financing activities. For each of the following items, indicate which part will be affected. (15 marks)
- i. Depreciation Expense.
 - ii. Proceeds from the sale of equipment used in the business.
 - iii. The proceeds from the sale of the tractor.
 - iv. A decrease in the current liability Income Taxes Payable.
 - v. The proceeds from issuing additional Common Stock.