



UNIVERSITY OF ESWATINI

FINAL EXAMINATION PAPER

PROGRAMME: BSC. IN AGRICULTURAL ECONOMICS AND
AGRIBUSINESS MANAGEMENT (Year IV)

COURSE CODE: AEM 410

TITLE OF PAPER: AGRICULTURAL AND DEVELOPMENT FINANCE

TIME ALLOWED: 2: 00 HOURS

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

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THE CHIEF INVIGILATOR

Question 1. (25 marks)

- 1.1. Define agricultural finance in view of macro and micro dimensions? **(8 points)**
- 1.2. List the key agricultural farm financial management decisions and explain the differences? **(8 points)**
- 1.3. Discuss briefly agricultural credit classification based on purpose? **(9 Points)**

Question 2. (25 marks)

- 2.1. Explain briefly about the Three R's of Credit-Principles that lender must decide before offering any agricultural credit? **(10 points)**
- 2.2. Why agricultural financial analysis is important (discuss based on the purpose and areas of analysis)? **(15 points)**

Question 3. (25 marks)

- 3.1. What are the important financial statements used for carrying out the financial analysis of farm business? **(5 points)**
- 3.2. Consider the balance sheet for an agricultural farm business presented below.

Table 1: An agricultural farm business, Balance Sheet (Year 2019)

Items	Year (2019)
Total Current Assets	1,223,000
Total Fixed Assets	4,669,000
Total Current Liabilities	620,000
Long-Term Debts	1,023,000
Total Liabilities	1,643,000
Total Stockholders' Equity	1,954,000

- a. Compute the current ratio for the year 2019 and interpret the results? **(5 points)**
- b. Compute the debt ratio and Debt- Equity Ratio for year 2019 and interpret the results? **(5 points)**
- c. Given that in the fiscal year 2019 reported annual sales of E3,074,000, Average inventory of E294,500 and annual cost of goods sold (or cost of sales) of E2,088,000. Thus, compute: Inventory Turnover Ratio, Total Asset Turnover ratio and interpret the results? **(10 points)**

Question 4. (25 marks)

- 4.1. Discuss briefly about the importance of using agricultural credit? **(5 points)**
- 4.2. Explain briefly the possible strategies to cope agricultural financial risks?**(10 marks)**
- 4.3. Technologies are one possible risk-reducing strategy in agricultural production. Justify how applying new technologies and practices designed to address specific production risks using example? **(10 marks)**

END OF PAPER