

1st SEM. 2020



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UNIVERSITY OF ESWATINI
FINAL EXAMINATION 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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CHIEF INVIGILATOR

Question 1

1. Briefly explain what the following people/organizations use accounting information for.
 - a. Financial institutions (3 marks)
 - b. An individual (3 marks)
 - c. Business owner (3 marks)
 - d. Non-Governmental Organizations (3 marks)
 - e. Creditors (3 marks)
2. What is the relationship between a profit and loss statement and a cash flow statement? (5 marks)
3. What is the difference between GAAP and GAAS principles in accounting? (5 marks)

Question 2

1. Mr Gamedze the farm manager has given you the following information as his assistant to assist with compiling the statement of assets and liabilities at the farm. (20 marks)
 - 100 bags of 50kg calf grower at 450 each
 - Bank overdraft of E17901
 - Land valued at E181,000
 - E17,901 credit from Feedmasters
 - a five years loan of E213, 099 from Fincorp
 - Hay and silage finished
 - milking equipment estimated at E236,000
 - 39 dairy cows value at E13,632.05 each
 - E1,556,15 equity at the beginning of the year; profit of E106,453
 - 3 milk storage cooling tanks of 1500L each E166,666.67 each
 - Milking parlour estimated at E500,000
 - Petty cash of 32,229 in the office safe
 - Drawings of E45,544

NB: remember to classify the items accordingly
2. Explain the limited liability concept discussed in class in relation to a corporate enterprise. (5 marks)

Question 3

1. Assuming a farming enterprise cultivates 10 tonnes of maize and incurs the following expenses:
 - E6, 500 for seeds
 - 50 hours of labour for cultivation at a rate of E15 per hour

Calculate the Prime cost for 1 tonne and the amount the farm should charge in order to make profit. (10 marks)

2. Below is a list of items that might be considered assets and liabilities by a company. Indicate whether they should be listed on the balance sheet as an asset or liability and indicate which GAAP principle has been applied or would be violated.
- A car belonging to the owner of the company (3 marks)
 - A building used to sell farm implements of the company (3 marks)
 - An old non-functional tractor that is no longer used in the business (3 marks)
 - E150 change due to a customer (3 marks)
 - E150 owed by a supplier to the company (3 marks)

Question 4

- a. A company gives you the following information from for advice. The company manufactures three products as shown in the table. There are no common processes & the sale of one product does not affect the prices or volume of sale of any other. You are required to complete the table by calculating the missing figures and suggest which product needs to be discounted and which needs to be increased and give reasons for your answer. (15 Marks)

Particulars	Tomato source/catch-up (E)	Cheese (E)	Muffins (E)
Sales	45,000	225,000	30,000
Production Cost (V)	24,000	144,000	12,000
Selling & Admin (V)	8,100	8,100	7,800
TVC	1 _____	2 _____	3 _____
Contribution (S-VC)	4 _____	5 _____	6 _____
FC	5,100	49,800	11,100
Profit	7 _____	8 _____	9 _____
P/V Ratio	10 _____	11 _____	12 _____

- b. What is the relationship between accounting and book keeping (10 marks)