



1st SEM. 2016/2017

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UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

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

COURSE CODE: AEM 103

TITLE OF PAPER: INTRODUCTION TO AGRIBUSINESS ACCOUNTING

TIME ALLOWED: TWO HOURS

INSTRUCTION: ANSWER ALL QUESTIONS

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THE CHIEF INVIGILATOR**

Question 1

Mbabane Internet Consulting Service Undusted Trial Balance December 31,2012

	Emalangeneni Dr	Emalangeneni Cr
Cash	49,100	
Consulting fees Receivable	23,400	
Prepaid office rent	6,300	
Prepaid dues and subscriptions	300	
Supplies (Inventory)	600	
Equipment	36,000	
Accumulated Depreciation		10,200
Notes payable		5,000
Income tax payable		12,000
Unearned consulting fees		5,950
Capital Stock		30,000
Retained earnings		32,700
Dividends	60,000	
Consulting fees		257,180
Salaries Expense	88,820	
Telephone expense	2,550	
Rent Expense	22,000	
Income tax expense	51,000	
Subscriptions expense	560	
supplies expense	1,600	
Depreciation Expense: Equipment	6,600	
Miscellaneous expense	4,200	
	353,030	353,030

OTHER DATA

- a. On December 1, the company signed a new rental agreement and paid three months' rent in advance at the rate of E2, 100 per month. This advanced payment was debited to the Prepaid Rent account
- b. Dues and subscriptions expiring during December amounted to E50.
- c. An estimate of supplies (inventory) on hand was made at December 31; the estimated of unused supplies (inventory) was E450.
- d. The useful life of the equipment has been estimated for five years (60months) from date of acquisition.
- e. Accrued interest on note payable amounted to E100 at year end. (set up accounts for interest expense and for interest payable)
- f. Consulting service valued at E2, 850 were rendered during December to clients who made payment in advance.
- g. It is the custom of the firm to bill clients only when consulting work is completed or, in the case of prolonged engagements, at monthly intervals. At December 31, consulting services valued at E11, 000 had been rendered to clients but not yet billed. No advance payments had been received from these clients.
- h. Salaries earned by employees but not paid as of December 31 amount to E1, 700.
- i. Income tax expense for the year is estimated at E56, 000 has been recognised as expense in prior months and E39, and 000 has been paid to tax authorities. The company has plans to pay the E17,000 remainder of its income tax liability on January 15

Instructions

1. Prepare the necessary adjusting journal entries on December 31, 2012 **(18 marks)**
2. Determine the amount to be reported in the year end adjusted trial balance for each of the following accounts: **22 marks** (2 marks for presentations)
 - i. Consulting fees earned
 - ii. Salaries expense
 - iii. Telephone expense
 - iv. Rent expense
 - v. Supply / stock expense
 - vi. Dues and subscriptions expenses
 - vii. Depreciation expense : Equipment
 - viii. Miscellaneous
 - ix. Interest expenses
 - x. Interest Tax Expense
3. Using the Adjusted Trial Balance, prepare income statement for the year ended 31 December 2012 **(10 marks)**.

50 marks

Question 2

Lesco Matsapha manufactures furniture, including tables. Selected costs are given below:

1. The tables are made of wood that costs E100 per table.
2. The tables are assembled by workers, at a wage cost of E40 per table.
3. Workers assembling the tables are supervised by factory supervisor who is paid E25, 000 per year.
4. Electrical costs are E2 per machine-hour. Four machine hours are required to produce a table.
5. The depreciation cost of the machines used to make the table totals E10, 000 per year.
6. The salary of the Chairman of LESCO Company is E100, 000 per year.
7. LESCO spends E250, 000 per year to advertise its products.
8. Sales person are paid a commission of e30 per table sold.
9. Instead of producing the tables, LESCO could rent its factory space out at a rental income of E50, 000 per year.

Required

Classify these costs above according to various terms learnt in class in this example. **25 marks**

Detail	Variable costs	Fixed costs	Period	Product cost			To Unit of product		Sunk cost	Opportunity cost
			(selling and administration)	Direct material	Direct labour	Manufacturing Overhead	Direct	Indirect		
Wood used in a table (E100 per table)	x									

Question 3

The following information is take from accounting records of Swazican Markerns for December 31, 2015:

i.	Selling expenses	E140,000
ii.	Raw materials inventory, January 1.....	90,000
iii.	Raw materials inventory, December 31.....	60,000
iv.	Utilities, factory	36,000
v.	Direct labour cost.....	150,000
vi.	Deprecation, factory	162,000
vii.	Purchases of raw material	750,000
viii.	Sales.....	2,500,000
ix.	Insurance, factory.....	40,000
x.	Supplies, factory.....	15,000
xi.	Administration.....	270,000
xii.	Indirect labour.....	300,000
xiii.	Maintenance, factory.....	87,000
xiv.	Work in progress inventory, January 1.....	180,000
xv.	Work in progress inventory, December 31	100,000
xvi.	Finished goods inventory, January 1.....	260,000
xvii.	Finished goods inventory, December 31.....	210,000

Management wants these data organized in a better format so that financial statements can be prepared for the year.

Required

1. Prepare a schedule of cost of goods manufactured for Swazican Malkerns . **15 marks**
2. Compute the costs of goods sold. **5 marks**
3. Using the data as needed from (1) and (2) above, prepare income staments.**5 Marks**

Total marks 25