



UNIVERSITY OF SWAZILAND

Department of Agricultural Economics & Management

FINAL EXAMINATION PAPER

PROGRAMME: BSc. AGRICULTURE AND AGRIBUSINESS MANAGEMENT

COURSE CODE: AEM 408

TITLE OF PAPER: AGRIBUSINESS MANAGEMENT

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION:

1. ANSWER ALL QUESTIONS
2. WRITE YOUR ANSWERS IN THE PROVIDED EXAMINATION ANSWER FOLDER.
3. EACH QUESTION CARRIES 25 MARKS

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CHIEF INVIGILATOR**

QUESTION ONE

You are to study the following financial statements of two similar types of enterprises dealing in agro inputs and then answer the questions which follow.

Summary of financial Statements

Income Statements for Enterprise A and B

Item	Enterprise A (Pty) Ltd.		Enterprise B (Pty) Ltd.	
	SZL	SZL	SZL	SZL
Sales		250 000		160 000
Less: Cost of Goods Sold				
Opening Stock	90 000		30 000	
Add: Purchases	210 000		120 000	
	300 000		150 000	
Less: Closing Stock	110 000	190 000	50 000	100 000
Gross Profit		60 000		60 000
Less: Operating Expenses				
Wages and Salaries	14 000		10 000	
Directors' remuneration	10 000		10 000	
Other expense	11 000	35 000	8 000	28 000
Net profits		25 000		32 000
Add: balance from last year		15 000		8 000
		40 000		40 000
Less Dividends		25 000		20 000
Net profit carried to next year		15 000		20 000

Balance Sheet for Enterprise A and B

Item	Enterprise A		Enterprise B	
	SZL	SZL	SZL	SZL
Net Assets :				
Fixed Assets:				
Equipment at cost	20 000		5 000	
Less: Depreciation to-date	8 000	12 000	2 000	3 000
Motor Truck	30 000		20 000	
Less: Depreciation to-date	12 000	18 000	7 000	13 000
		30 000		16 000
Current Assets				
Stock	110 000		50 000	
Debtors	62 500		20 000	
Bank	7 500		10 000	
	180 000		80 000	
Less: Current Liabilities				
Creditors	90 000		16 000	
		90 000		64 000
		120 000		80 000
Financed by				
Share capital		100 000		50 000
Net profit carried to next year		20 000		30 000
		120 000		80 000

You are required to calculate the following ratios for enterprises A (Pty) Ltd and B (Pty) Ltd.

- i) Gross profit margin
- ii) Assets turnover
- iii) Stock turnover
- iv) Return on Capital employed
- v) Current ratio
- vi) Acid test ratio
- vii) Debtors turnover
- viii) Creditors turnover

(25 Marks)

QUESTION TWO

- i) The following information was extracted from Sibanze & Dlamini Agro-Enterprise Limited books of accounts as at December 31, 2016. Using the information provided in the table, prepare an income statement for the enterprise

Item	Accounts (SZL)
Capital	1 500 000
Drawings	300 000
Wages	200 000
Sales	1 800 000
Debtors	500 000
Stationary	80 000
Sales returns	60 000
Proposed dividends	200 000
Discounts received	20 000
Cash at bank	2 000 000
Cash at hand	50 000
Electricity	20 000
Stock January 1 st 2016	200 000
Office administration	100 000
Purchase returns	20 000
Sales discounts	10 000
purchases	500 000
Stock December 31 st 2016	150 000

(15 Marks)

- ii) Identify the good features of a good agribusiness plan?

(10 marks)

QUESTION THREE

- i) A company is looking for a consultant to help them understand how the supply chain management (SCM) operates. As an expert in agribusiness management, what are the different types of agribusiness management, and with the help of a diagram explain the SCM process

(25 Marks)

QUESTION FOUR

With an example explain psychological pricing and prestige pricing

(5 Marks)

Identify the steps taken for developing a promotion strategy

(5 Marks)

Agribusiness can be presented in different forms of business ownership, name them. What are the advantages and disadvantages of a sole proprietor?

(15 Marks)