



1st SEM. 2017/2018

UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

PROGRAMME: B.Sc. in Agricultural Economics and Agribusiness Management Year
1

COURSE CODE: AEM 103

TITLE OF PAPER: INTRODUCTION TO AGRIBUSINESS ACCOUNTING

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION: 1. ANSWER ALL QUESTIONS
2. THIS PAPER CONSISTS OF TWO QUESTIONS

DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN GRANTED BY
THE CHIEF INVIGILATOR

Question 1

Michel Mabuza, the owner of Auto Auto Repairs service, opens the small auto repair shop formally on 20th January 2015. The company maintains the following ledger accounts:

Cash Account	Notes payable
Accounts Receivable	Accounts Payable
Shop supplies (inventory)	Capital stock
Land	Dividends
Building	Repair Service Revenue
Tools and Equipment	Wages Expenses
Utilities	

The company engaged in the following business activities:

1. **January. 20** - Michel mabuza and family invested E80, 000 cash in the business in exchange for Capital stock.
2. **January 21** – representing Auto Auto Mabuza negotiated with both Auto Spares and Need A Part. Auto Spares own the land while Need a part owned the building. Auto auto purchased the land from the Auto spares for E52, 000 cash.
3. **January 22** – Auto Auto completed the acquisition of its location by purchasing the abandoned building from Need a part. The purchase price was E36, 000: Auto Auto made E6,000 down payment and issue a 90 –day , noninterest – bearing Note payable
4. **January 23** – Auto Auto purchased tools and Equipment on Account from Supply Tools. The purchase price was E13, 800, due in 60 days.
5. **January 24** – Auto Auto found that it had purchased more tools than it needed. On January 24, it sold the excess tools on account to Ace Towing at the price of E1, 800. The tools were sold at price equal to their cost, so that there was no gain or loss on this transaction
6. **January 26** – Auto Auto received E600 in partial collection of the receivable from Ace Towing
7. **January 27** – Auto Auto made a E6,800 partial payment of its account payable to Supply Tool
8. **January 31** – Recorded Revenue of E2,200, all of which was received in cash
9. **January 31** – Paid employees' wage earned in January E1,200
10. **January 31**- Paid utilities used in January, E200.

11. **February 1** – Paid Times of Swaziland E360 cash for newspaper advertising to be run during January
12. **February 2** - Purchase radio advertising from SBIS to be aired in February. The cost was E470 payable within 30 days.
13. **February 4** - Purchase various shop supplies (such as grease, solvents, nuts and bolts) from Swazi Auto parts: cost E1, 400, due in 30 days. These supplies (inventory) are expected to meet overnight 's needs for three or four months
14. **February 15** – Collected E4,980 cash for repairs made to vehicles of Airport Shuttler Services
15. **February 28** – Billed K&R Auto spares E5, 400 for maintenance and repairs services Auto Auto provided in February. The agreement with K&R Auto calls for payment to be received by March 10
16. **February 28** – paid employees' wages earned in February E4,900
17. **February 28** – recorded E1, 600 utility bill for February. The entire amount is due March 15
18. **February 28** - Auto Auto declares and pay a dividend of 40 cent per share to the owners of its 8,000 shares of Capital stock – a total of E3, 200.

Requirements

- a. Record each of the above transactions in general journal form (**26 marks**)
- b. Post each entry to appropriate ledger accounts (**14 marks**)
- c. Prepare a trial balance dated February 28, 2015 including all January transactions (**10 marks**)

Question 2

The following account balances and other information are from Matsapha Trading Company's accounting records from the year end December 31, 2016. Use the information to prepare the following:

1. A table listing factory overhead costs **(15 marks)**
2. A manufacturing statement (show only the factory overhead cost **(15 marks)**)
3. Income statement for the year ending 31 December 2016 **(20 marks)**

1. Advertising	E85,000
2. Amortization expenses – Patents	16,000
3. Bad Debts expenses	28,000
4. Depreciation expense – office equipment	37,000
5. Depreciation expense – Factory building	133,000
6. Depreciation expense – Factory equipment	78,000
7. Direct labour	250,000
8. Factory insurance expired	62,000
9. Factory supervision	74,000
10. Factory supplies used	21,000
11. Factory utilities	115,000
12. Finished goods inventory. Dec 31.2007	15,000
13. Finished goods inventory Dec 31.2008	12,500
14. Good in process inventory, Dec 31,2007	8,000
15. Goods in progress inventory Dec 31,2008	9,000
16. Income taxes	53,400
17. Indirect labour	26,000
18. Interest expense	25,000
19. Miscellaneous expense	55,000
20. Property taxes on factory equipment	14,000
21. Raw materials inventory Dec.31,2007	60,000
22. Raw materials inventory Dec.31,2008	78,000
23. Raw materials purchases	313,000
24. Repairs expense – factory equipment	31,000
25. Salaries expense	150,000
26. Sales	1,630,000