

1<sup>st</sup> SEM. 2019



Page 1 of 3

UNIVERSITY OF ESWATINI

RE-SIT/SUPPLEMENTARY 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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## Question 1

Page 2 of 3

1. Multiple choice: select the right answer. (3marks each)
  - i. In which areas do managers use accounting information?
    - a. Marketing
    - b. Research and development
    - c. Production
    - d. All of the above
  - ii. GAAP sets the standards for the creation of what?
    - a. Balance Sheet
    - b. Income statement
    - c. Statement of equity
    - d. All of the above
  - iii. Assets are usually reported on the balance sheet at which amount?
    - a. Cost
    - b. Current market value
    - c. Expected market sale
    - d. Whichever lower between cost and market value
  - iv. When an owner draws E5000 from a sole proprietorship or when a corporation declares and pays a E5000 dividend, the asset decreases by E5000. What is the other effect on the balance sheet?
    - a. Owner's/stockholders equity decreases
    - b. Owner's/stockholders equity increases
    - c. No effect
2. For the following questions/statement, indicate the name of the financial statement where the stated financial concept applies. (2 marks each)
  - i. Is the depreciation expense a balance sheet or income statement?
  - ii. Is cash at the bank indicated in a income or balance sheet statement?
  - iii. Is payroll expense indicated in a balance sheet or income statement?
  - iv. Is dividends indicated in balance sheet or income statement?
3. Write short notes about factory overheads. Give examples (5 marks)

## Question 2

- a. Use any three points learnt in class and explain how is book keeping different from accounting? (11 marks)
- b. Explain any two difficulties encountered during the implementation of agricultural accounting. (9 marks)
- c. Fill in the blanks: Indicate whether following is fixed asset, current asset, current liability, long-term liability (5 marks)
  - i. We bought a Jonh Deere tractor using a loan from the bank. \_\_\_\_\_
  - ii. Petty cash in the office \_\_\_\_\_



- iii. Money owed to us by customers expected at the end of October 2018 \_\_\_\_\_
- iv. The business took 5 bags (50kg) of 2:3:2 (22) fertilizer from Khuba traders to be paid end of October 2018 \_\_\_\_\_
- v. 3 crates of cabbages are in the cold-room to be delivered at Namboard tomorrow \_\_\_\_\_

### Question 3

1. How are the accounting records for a corporation different from those of a partnership form of business organization? (9 marks)
2. What are the characteristics of a budget? (8 marks)
3. Explain why auditing is important in an agribusiness firm. (6 marks)
4. Name any two branches of accounting you learnt in class (2 marks)

### Question 4

- a. A manufacturing firm supplies you with the following information from their business records:

	Product P	Product Q
• Direct material per unit	E16	E14
• Direct wages paid	E5	E4
• Variable expenses (100% of wages)	E5	E4
• Fixed expenses (E1,300)		
• Sales price per unit	E32	E26

Sales-mixtures are as follows:

- i. 400 units of product P and 400 units of product Q
- ii. 500 units of product P and 300 units of product Q
- iii. 600 units of product P and 200 units of product Q
- You are required to prepare the marginal cost statement to show contribution per unit and suggest the sales mix which optimizes profits and advise on which sales-mix is more profitable. Show all calculation to justify your answer. (17 marks)
- b. State whether the following statements are true or false: (2 marks each)
  - i. Accounting entity is recognized by law.
  - ii. Accounting records changes in the level of prices and non-monetary events.
  - iii. Full disclosure requires disclosure of insignificant information.
  - iv. Revenue increases capital.