

# WOMEN'S UNIVERSITY IN AFRICA



*Addressing gender disparity and fostering equity in University Education*

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**FACULTY OF AGRICULTURAL SCIENCES**

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**BSc AGRICULTURE HONOURS DEGREE IN AGRIBUSINESS MANAGEMENT**

**MAIN PAPER**

**ABM 213 : AGRIBUSINESS FINANCE**

**INTAKE : SECOND YEAR FIRST SEMESTER**

**DATE : JANUARY 2021 TIME: 3 HOURS**

**Instructions**

**Answer any four questions**

## Question 1

### Income Statement for the year ended 31 December 2019

|                                      |           |                  |
|--------------------------------------|-----------|------------------|
| Turnover                             |           | 1,250,000        |
| <u>Less Cost of Goods sold</u>       |           |                  |
| Opening Stock                        | 100,000   |                  |
| <u>Add Purchases</u>                 | 1,077,000 |                  |
| Goods available for sale             | 1,177,000 |                  |
| <u>Less Closing Stock</u>            | 151,000   |                  |
| Cost of Goods Sold                   |           | <u>1,026,000</u> |
| Gross Margin                         |           | 224,000          |
| <u>Less Total Operating Expenses</u> |           | 188,000          |
| Income before taxes                  |           | 36,000           |
| <u>Less Allowance for income tax</u> |           | 6,000            |
| Net Income                           |           | <u>30,000</u>    |

### Balance sheet as at 31 December 2019

#### Assets

##### Current Assets

|                      |  |                |
|----------------------|--|----------------|
| Cash                 |  | 49,000         |
| Accounts Receivables |  | 5,000          |
| Stock                |  | <u>151,000</u> |
| Total Current Assets |  | 205,000        |

##### Fixed Assets and other investments

|                         |  |                |
|-------------------------|--|----------------|
| Total Fixed Assets      |  | 600,000        |
| Total Other Investments |  | <u>105,400</u> |

**Total Assets** **910,400**

#### Liabilities and Owners Equity

|                             |                |                |
|-----------------------------|----------------|----------------|
| Total Current Liabilities   | 41,500         |                |
| Total Long term liabilities | <u>301,600</u> |                |
| Total Liabilities           |                | 343,100        |
| Total Owners Equity         |                | <u>567,200</u> |

**Total liabilities and Owners Equity** **910,300**

- i. Using information from the Income statement and Balance sheet above, calculate and interpret a
  - a. *One* Liquidity ratio, [5]
  - b. *One* Profitability ratio, [5]
  - c. *One* Solvency ratio and [5]
  - d. *One* efficiency ratio [5]
- ii. Discuss briefly, the limitations of ratio analysis [5]

### **Question 2**

There are a number of sources of finance for agribusiness operations. Outline the various sources of finance that are available to the Zimbabwean Agribusiness system [25]

### **Question 3**

When granting agricultural credit, it is important that it be done based on sound business principles. Discuss the important factors that should be considered by the financiers in assessing a loan application. [25]

### **Question 4**

“Agricultural credit is one of the most crucial inputs in all agricultural development interventions”. Critically discuss the role of credit in improving productivity in Zimbabwe [25]

### **Question 5**

Discuss the classification of credit in Zimbabwe [25]

### **Question 6**

- a) Discuss the role of agricultural value chain financing in development [5]
- b) Map and describe the core functions and actors of a any agribusiness value chain of your choice [20]

**END OF QUESTION PAPER**