

WOMEN'S UNIVERSITY IN AFRICA



Addressing gender disparity and fostering equity in University Education

FACULTY OF AGRICULTURAL SCIENCES

BSc AGRICULTURE HONOURS DEGREE IN AGRIBUSINESS MANAGEMENT
BSc AGRICULTURE HONOURS DEGREE IN ANIMAL SCIENCE
BSc AGRICULTURE HONOURS DEGREE IN HORTICULTURE

MAIN PAPER

AG 112 : PRINCIPLES OF AGRIBUSINESS MANAGEMENT

INTAKE : FIRST YEAR FIRST SEMESTER

DATE : JANUARY 2021 TIME: 3HOURS

INSRUCTIONS TO CANDIDATES

Answer any four questions

QUESTION ONE

- a. Explain the major functions of management in an agribusiness firm. [20]
- b. What skills does an agribusiness manager need to accomplish their roles? [5]

QUESTION TWO

- 1. As at 31 December 2019 Pioneer Zimbabwe had the following balances:
 - a. Investment in seed depots USD24,000,000
 - b. Inventory (Seed Stock) USD2,000,000
 - c. Outstanding payments to landlords for land rental USD2,000,000
 - d. Share Capital USD12,000,000
 - e. Accumulated profit reserves of USD12,000,000
 - f. During 2019 Pioneer had made subscription payments to the Zimbabwe Seed Traders Association (ZSTA) of USD2, 000,000 which covered subscriptions for the years 2019 and 2020.
 - g. As at 31 December 2019, Pioneer had VAT assessments on seed sales which was yet to be paid to ZIMRA of USD1, 000,000.

REQUIRED

- a. Draw up the Pioneer Zimbabwe Balance Sheet as at 31 December 2019. [15]
- b. Calculate the ratios which emanate from this statement and comment on the health of the business. [10]

QUESTION THREE

“The success of the agribusiness system is dependent on the proper functioning of its component parts.” Discuss. [25]

QUESTION FOUR

- a) Examine the usefulness of break-even analysis in business decision making. [5]
- b) Assume that a stockfeed company expects to sell 20,000 bags in the coming year at \$125 per bag when the variable cost per bag is \$75. If the firm has overhead (fixed costs) of \$750,000;

- i. how many bags does the firm need to sell to break even?
 - ii. What would be the breakeven price if the firm only managed to produce 10,000 bags? [5]
- c) In the year 2019, the agribusiness firm that you manage made a huge Profit after Tax (PAT). Forecasts for the year 2020 were made and it was estimated that the PAT would grow by a further 20%. Remuneration was bargained based on this information and a 20% salary increase was awarded. However, in the first quarter of 2020, WHO declared the novel corona virus a worldwide pandemic. The Zimbabwe Government declared a national lockdown. Sales declined drastically and in addition, the company now had to incur additional costs of face masks, sanitisers and office orientation to allow for physical distancing. How would you manage this situation to ensure that the interests of all the business stakeholders are enhanced? [10]
- d) List three (3) items that would be presented in the Balance sheet. [3]
- e) Write down the Accounting Equation which determines the Balance sheet format. [2]

QUESTION FIVE

Discuss the ways in which business decisions are made. [25]

QUESTION SIX

Discuss the main agribusiness legal structures noting the merits and demerits of each. [25]

END OF QUESTION PAPER