



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)
SCHOOL OF AGRICULTURE, VETERINARY SCIENCES AND
TECHNOLOGY (SAVET)**

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC YEAR**

**MAIN EXAMS
OF
FOURTH YEAR FIRST SEMESTER EXAMINATIONS FOR THE DEGREE
OF BACHELOR OF SCIENCE IN FOOD SCIENCE AND TECHNOLOGY**

COURSE CODE: AFM 402

COURSE TITLE: FOOD PROCESSING ACCOUNTING AND ECONOMICS

DATE: 24TH APRIL 2024 TIME: 3:00-5:00 PM

INSTRUCTIONS TO CANDIDATES

This paper is divided into two sections, **A and B**. Answer ALL Questions in SECTION A and any Two in SECTION B

MMUST observes ZERO tolerance to Examination Cheating

This Paper Consists of 3 Printed Pages. Please Turn Over

Answer ALL Questions

SECTION A: ANSWER ALL QUESTIONS (40 MARKS)

Q1. a) What is controlling in Production Management? (2 Marks)

b) State and explain THREE elements of controlling (6 Marks)

Q2. An expenditure of 1.9M is expected to generate cash flow inflows of Ksh (300000, 500000, 600000, 800000 and 500000) for the next 5 years, Calculate

i) Payback period (8 marks)

ii) NPV (8 marks)

Q3. a) List and explain FOUR Ps of marketing (8 marks)

Q4. a) List TWO types of buying markets (2Marks)

b) State and explain THREE types of selling markets (6 marks)

SECTION B: ANSWER ANY TWO QUESTIONS (30 MARKS)

Q5 i) What are tariffs? (2 Marks)

ii) List and explain FIVE reasons why countries impose tariffs (10 Marks)

b) List any THREE effects of tariffs (3 Marks)

Q6. a) What is Production Management in food processing? (2 Marks)

ii) List and explain any FOUR functions of management in food industry (8 Marks)

b) List any FIVE importance of Production management in food industry to the economy

(5 Marks)

Q7. a) Prepare MMUST fast-food's eatery balance sheet as at 31 Dec 2023 using the information below;

Cheque - 583961, savings -224600, petty cash - 89840, accounts receivable 3, 593607, prepaid rent - 164593, accounts payable - 548642, line of credit borrowing - 507494, net real estate - 548642, deferred taxes - 253747, work in process - 589791, prepaid liability insurance - 109728, net computer equipment - 185167, net furniture, fixtures & equipment - 178309, current portion of long term debt - 205741, net field equipment - 205741, net leasehold improvement - 144019, other current liabilities - 500636, other assets - 240031, long term debt - 603507, other liabilities - 267463, current stock - 1462599, treasury stock - (1250000), retained earnings - 3758200

(10 Marks)

b) Assume MMUST has three schools, SAVET, SOBE AND SEDU. SAVET has 100 students and each student pays kSh. 70,000 per semester, SOBE – 50 students paying KSh 60,000 per semester and SEDU – 50 students paying KSh 50,000 per semester. There are 3 semesters in a year with Semester I beginning in January, semester II in May and semester III in September. Fees are payable 30% at the beginning of the semester, 30% exam time and 30% at the beginning of the next semester. Other fees charge includes ksh 10,000 paid at the beginning of the year.

Give the cash inflows breakdown for the year 2023 for the purpose of accounting (Any remaining fees balance is paid at the beginning of the next year). (5 marks)

Q8 a) Willis got a loan of KSh. 200,000 attracting an interest of KSh 40000 per year, Calculate cost of debt after one year (5 Marks)

b) Calculate cost of equity when dividends = KSh.500, market price is KSh. 6000 and growth is 5 to 6 (10 Marks)

