

**SCHOOL OF AGRICULTURE AND FOOD SCIENCE (BUSOGO CAMPUS)**  
**LEVEL OF STUDY: YEAR 1**  
**SEMESTER II – ACADEMIC YEAR 2022-2023**  
**MODULE CODE AND NAME: BASICS OF ECONOMICS**

**GENERAL INSTRUCTIONS**

- 1. EXAM COMPILER FOUR COMPONENTS:**
  - Microeconomics (All)
  - Macroeconomics (All)
  - Fundamentals of Accounting (All)
  - Rural Development (Crop Sciences)
- 2. Give the answers in four separate booklets based on the component**

**Date: 22/02/2023**

**Timing: 3Hours+1h00 (Crop Sciences)**

**REG NO:**

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**COMPONENT I: MICROECONOMICS**

**Special instructions**

- a) Please respect the order of the question.
  - b) Exchange calculators is prohibited.
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1. The table below has the following information :

Q <sub>x</sub>	0	1	2	3	4	5	6	7	8	9
U <sub>Tx</sub>	0	14	26	36	44	50	54	56	56	54

Compute the following:

- a) What is the quantity that provides the maximum utility? **/5 marks**
- b) By calculating, what is the main characteristic of that point where the maximum utility is found? **/5 marks**
- c) Prove graphically with clear explanation your answer indicated on point **a)** and b) of this question? **/10 marks**

2. Consider the following table:

Capital	Labor	TP	MP <sub>L</sub>	AP <sub>L</sub>
2	0	0		
2	1	38		
2	2	124		
2	3	246		
2	4	392		
2	5	550		
2	6	703		
2	7	854		
2	8	976		
2	9	1062		
2	10	1100		
2	11	1078		

Where:

TP is total production

MP<sub>L</sub> is the Marginal Production

AP<sub>L</sub> is the Average Production

The question is:

- With the information above and y related graphs, explain clearly and precisely the theory of production. **/10 marks.**
  - After explaining what is “inflection point”, please indicate that point on your graph. **/ 10 marks**
3. With clear example here in Rwanda, what is the difference between perfect and imperfect markets? **/10 marks**

## COMPONENT II: MACROECONOMICS

### INSTRUCTIONS

- Answer all Questions.

#### Question one 10 marks

Explain the impact of contractionary fiscal policy and expansionary monetary policy on gross domestic product.

#### Question two 10 marks

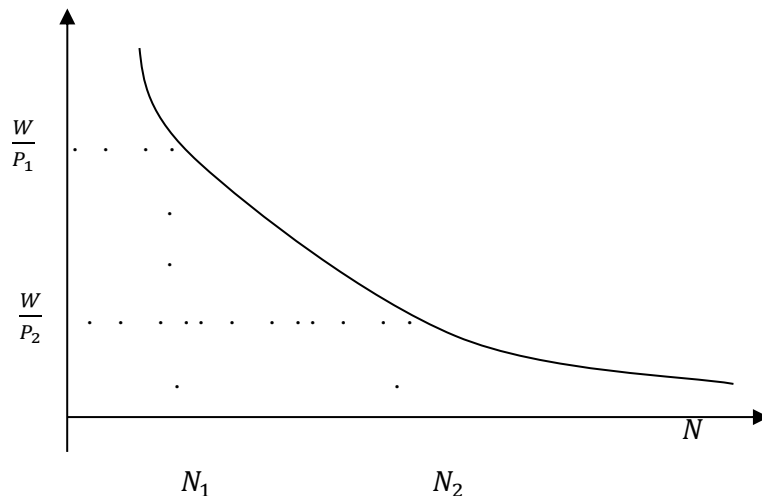
Real wage and marginal product of labor

$W$ : Money wage

$P$ : Price of output

$MP_L$ : Marginal product of labor

Therefore if in purely competitive economy  $\frac{W}{P} = MP_L$  real wage (purchasing power of wage)



On not more than two pages, explain the demand and supply of labor using a graph and marginal product of labor

#### Question three 10 marks

On one page explain the expected benefits of studying basics of economics

### **COMPONENT III: FUNDAMENTALS OF ACCOUNTING**

**Instruction:**

- Attempt all questions.

**QUESTION ONE /15 Marks**

**CHOOSE THE CORRECT ANSWER (5\*3 marks)**

**i. The core objective of accounting is:**

- a) Provide financial information to the users of such information
- b) Keep record or transactions
- c) Maintain records of assets and liabilities
- d) To fulfill statutory requirements

**ii. At the balance sheet the balance on the Accumulated Provision for Depreciation Account is:**

- a) Transferred to Depreciation Account
- b) Transferred to Profit and Loss Account
- c) Simply deducted from the asset in the Balance Sheet
- d) Transferred to the Asset Account.

**iii. Gross profit is:**

- a) Excess of sales return over cost of goods sold
- b) Sales less Purchases
- c) Cost of goods sold + Opening stock
- d) Excess of net sales over cost of goods sold

**iv. When she prepared her draft accounts, Mme Mike Peddler included her closing inventory at a value of €21,870. She has just found out some items having the value of €2,150 were not included in the calculation. How will Net profit net assets be affected when the inventory value is corrected?**

- a) Net profit reduced by €2,150 and net assets reduced by €2,150
- b) Net profit reduced by €2,150 and net assets increased by €2,150
- c) Net profit increases by €2,150 and net assets reduced by €2,150
- d) Net profit increased by €2,150 and net assets increased by €2,150

**v. Given the following, what is the amount of Capital? Premises Frw 20,000; Stock Frw 8,500; Cash Frw 100, Creditors Frw 3,000; Loan from Adolf Frw 4,000**

- a) Frw 21,100
- b) Frw 22000
- c) Frw 32,400
- d) Frw 21,400
- e) Frw 21,600

**QUESTION TWO/15 Marks**

The bank Columns in the cash book of KAREMERA & Sons for March 2020 and the bank statement as issued by BK MUSANZE for that month for are as:

**Cash Book: 2020**

Debit (FRW)		Credit (FRW)	
March 16 G.Ignatius	34,400	March 1 Balance b/d	619,700
March 21 K. Alex	43,300	March 6 M.Edward	22,200
March 31 R Eldad	26,000	March 20 A Bernadet	30,800
March 31 Balance c/d	<u>628,000</u>	March 30 M Lambert	<u>59,000</u>
	731,700		731,700
	=====		=====

**Bank Statement: 2020**

	Debit	Credit	Balance
March 1 Balance b/d			(Over draft)619,700 OD
March 8 M Edward	22,200		641,900 OD
March 16 Cheque		34,400	607,500 OD
March 20 A Bernadet	30,800		638,300 OD
March 21 Cheque		43,300	595,000 OD
March 31 K.Nathan		6,700	588,300 OD
March 31 UDT standing order	5,900		594,200 OD
March 31 Bank charges	3,800		598,000 OD

**Required:**

1. Write the cash book up to date and state the new balance as at 31 March 2020.
2. Draw the bank reconciliation statement as at 31 March 2020 (Using the two methods).

### QUESTION THREE /20 Marks

From the following T.B of AMIZERO & CO Ltd, draw up an income statement for the year ending 30 September 2021 and Balance sheet as at that date.

	Amount (FRW)
Inventory: 1 October 2020	41,600
Carriage outwards	2,100
Carriage inwards	3,700
Returns inwards	1,540
Purchases	188,430
Returns outwards	3,410
Sales	380,400
Salaries and wages	61,400
Warehouse rent	3,700
Insurance	1,356
Motor expenses	1,910
Office expenses	412
Lighting and heating expenses	894
General expenses	245
Premises	92,000
Motor vehicles	13,400
Fixtures and fittings	1,900
Accounts receivables	42,560
Accounts payables	31,600
Cash at bank	5,106
Drawings	22,000
Capital	68,843

Inventory at 30 September 2021 was Frw 44,780

**Required:**

- Prepare a list of account balances as at 30 September 2021.
- Prepare an income statement for the year ended 30 September 2021.
- Draw up a balance sheet as at that date.

#### **MODULE COMPONENT IV: Rural Development /50 marks (Crop Sciences)**

##### **QUESTION ONE: / 20 Marks**

Explain in 3 lines maximum, why rural areas must receive more attention than urban areas in Africa

##### **QUESTION TWO: / 30 Marks**

Agricultural modernization involves **two approaches** that have been experienced in Asia and have reasonably solved the problem of **food crisis**... Refer to the green revolution in China, Peru & Mexico.

- a) What are those 2 approaches and their significance
- b) What are the advantages and disadvantages of each technique and their applicability in the case of Rwanda's Rural area (**Maximum 1 page**)

**Good Luck!**