

1st SEM. 2014/ 2015



UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

**PROGRAMME: BSc. in Agricultural Economics and Agribusiness
Management Year 4**

BSc. in Agronomy Year 4

BSc. in Agricultural & Biosystems Engineering Year 4

BSc. in Agricultural Education Year 4

BSc. in Horticulture Year 4

COURSE CODE: AEM 404

TITLE OF PAPER: PROJECT PLANNING AND MANAGEMENT.

TIME ALLOWED: 2:00 HOURS

INSTRUCTIONS: ANSWER ALL QUESTIONS.

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CHIEF INVIGILATOR**

Question One

- a. What are the most common reasons why agricultural projects run into problems of implementation? **[5 marks]**

- b. List the aspects of project preparation and analysis and explain any two. **[10marks]**

Question Two

- a. What is feasibility study? **[2 marks]**

- b. Highlight three reasons why feasibility study is important in the preparation stage of a project? **[3 marks]**

Question Three

- a. Distinguish between economic and financial analysis in terms of investment. **[5 marks]**

- b. Does agricultural loan reduce the national income? Explain. **[5 marks]**

Question Four

In a country, at the time of the first livestock development project appraisal, production in the national sheep flock was projected to grow at about 3.5% a year without the project. With the project, national flock production was projected to grow at about 10% per year. What can be attributed to the project output after 10 years of the project life based on a:

- i. "before and after" project analysis **[5 marks]**

- ii. "with and without" project analysis **[5 marks]**

Question Five

a. The table below shows a cash flow analysis of a mixed farming for 5 years period, given the discount factors at 15%, 30% and 40%

Year	Revenue	Costs	Incremental Benefit (E)	Discount factor @ 15%
1	2000	5000	-3000	0.876
2	5000	4000	1000	0.756
3	4500	3000	1500	0.658
4	3500	2000	1500	0.572
5	4500	2000	2500	0.497

- (i) Find the B/C ratio and the NPV of the project at 15% discount factor. **[20 marks]**
(ii) Determine the IRR of the business and **[10 marks]**
(iii) Interpret your IRR result **[5 marks]**

b. Consider 2 projects X and Y in the table below and each with a life of 10 years.

Project	Cost	Benefits (p.a)	IRR	NPV @ 8%
X	1	0.20	15%	0.34
Y	2	0.36	12%	0.42
'Y-X'	1	0.16	6%	-

- (i) considering the IRR and NPV rule, which of the projects should be preferred to other? **[10 marks]**
(ii) if the two projects are mutually exclusive, which of them should be accepted and why? **[15 marks]**