

CHUKA



UNIVERSITY

UNIVERSITY SUPPLEMENTARY/SPECIAL EXAMINATIONS.

FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
AGRICULTURAL ECONOMICS, AGRIBUSINESS MANAGEMENT AND ANIMAL
SCIENCE

AGEC 422: AGRICULTURAL PROJECT ANALYSIS

STREAMS: AGECE Y4S2, AGBM Y4S2, ANSI Y2S2

TIME: 2 HOURS

DAY/DATE: MONDAY 23/07/2018

2.30 P.M - 4.30 P.M

INSTRUCTIONS:

- Answer **Question ONE (COMPULSORY)** and other **THREE Questions**
- Do not write anything on the Question paper.

QUESTION ONE [25 MARKS]

- (i) Define project. [2 Marks]
- (ii) A successful project manager should successfully manage four elements; explain the importance of each. [8 Marks]
- (iii) Discuss five major objectives for financial analysis occurs in agricultural projects. [10 Marks]
- (iv) A poultry project costs 16,000 and is expected to generate cash inflows of Kshs.(8,000, 6,000 & 6,000) over its life of three years. Calculate the internal rate of return for the project (interpolate) [5 Marks]

QUESTION TWO

- (i) Define annuity. [3 Marks]
- (ii) Discuss the role of a project manager. [6 Marks]
- (iii) As a financial analyst in agricultural project, explain how you would treat family labour. [5 Marks]

- (iv) Mr. Murithi borrowed some money from a bank to start a dairy project. However, due to technicalities involved in financing he was to receive Kshs.500,000 at the end of each year for a period of 6 (six) years. The money was delayed for initial period of one year which did not affect the terms as agreed. Calculate the present worth of the project if the present worth factor is 13% p.a. and therefore draw a conclusion. [6 Marks]

QUESTION THREE

- (i) Explain three roles of 'farm family' in agricultural projects. [6 Marks]
(ii) Discuss project implementation (execution) phase in a project. [6 Marks]
(iii) Explain the role of donor in a project. [3 Marks]

QUESTION FOUR

- (i) You have been appointed a project manager of agribusiness firm in your County. Discuss the following:
(a) The nature of project you intend to start. [5 Marks]
(b) Monitoring and Evaluation of your project. [5 Marks]
- (ii) Explain five reasons why project fail. [5 Marks]

QUESTION FIVE

- (i) A project manager was to receive Kshs.5000 annually from a financier to invest in irrigation project. However, this money was to be credited to the project account after three months, the project was to run for a period of 6 years at a discount factor of 15% p.a. Find the present worth of the project. [7 Marks]
- (ii) Explain **four** secondary costs and the benefits in a project. [8 Marks]
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