Uva Wellassa University
B.Sc. in Export Agriculture and B.ASc

End Semester Examination June/July 2009
Year II Semester II

Agribusiness Management EAG 222-2/0

Instructions

Answer **all** questions
No. of questions : Two (02)
No. of pages : One (01)
Total marks allocated : 60%
Time : One hour (1hr)

Index No: ....

Part II – Essay

Question 1

I. Record keeping is a topic of few Agricultural producers care to discuss or to practice. Briefly discuss the needs of keeping records in Agribusiness. (10 marks)
II. "Agribusiness is considered to be a risky business operation". Discuss. (10 marks)
III. Discuss the Production Risk Management strategies that can be adopted in Agribusiness. (10 marks)

Question 2

I. Discuss the advantages and disadvantages of the following investment appraisal methods. (10 marks)
    a. Simple Payback Period method
    b. Discounted Payback Period method
    c. Net Present Value (NPV)
II. Green Product Company is considering in starting a new project and following information are pertained to two project alternatives. (20 marks)

Year	Project A Cash Flow	Project B Cash Flow
0	-45,000	-60,000
1	25,000	8,000
2	15,000	20,000
3	8,000	30,000
4	5,000	425,000

a. What are the Simple Payback periods for each of these projects? If the Payback cut off period is 3 years, which project can be recommended to undertake?
b. If the Discount Rate is 10%, using Discounted Payback Period calculation which projects you would accept?
c. If the Discount Rate is 10%, calculate the NPV values for the project A and Project B and determine the project to be accepted.