

PAPUA NEW GUINEA UNIVERSITY OF TECHNOLOGY  
DEPARTMENT OF AGRICULTURE  
SEMESTER 2, 2020  
AG226: AGRIBUSINESS MANAGEMENT AND  
ENTREPRENEURSHIP  
EXAMINATION DATE: 27<sup>th</sup> October, 2020  
TIME: 8:20AM  
TIME ALLOWED: 3 HOURS  
TOTAL MARKS: 85

INFORMATION FOR CANDIDATES

1. You have 10 minutes to read the paper. You must not begin writing during this time.
2. Write your name and student number clearly on the front page of your answer booklet.
3. Answer all questions only in the answer booklet provided. No other papers will be accepted.
4. This is a closed book examination. Notes and text books are not allowed during the examination.
5. You must answer all questions.
6. The marks for each question are given within the parentheses at the end of each question.
7. All mobile phones must be switched OFF.

**Question 1. (8 marks)**

Define the following terms;

- a) Agribusiness (1mark)
- b) Management (1mark)
- c) Entrepreneur (1mark)
- d) Entrepreneurship (1mark)
- e) Supply chain (1 mark)
- f) Supply chain management (1 mark)
- g) Market segmentation (1 mark)
- h) Market research (1 mark)

**Question 2. (7 marks)**

Statement: *“Entrepreneurial competence makes all the difference in the rate of economic growth”.*

Use the above statement to critique on the current status of the entrepreneurial competence of the smallholder agribusiness entrepreneurs in PNG.

**Question 3. (12 marks)**

- a) Name the five (5) broad functions of agribusiness management and describe two (2). (6marks)
- b) List 5 main categories of segmentation variables and describe two (2). (6marks)

**Question 4. (12 marks)**

- a) Point out the differences between time value of Money and Future Value of money (4 marks)
- b) Point out the differences between agribusiness project financial analysis and economic analysis (4 marks)
- c) Point out the differences between Income statement and Balance sheet (2 marks)
- d) Point out the differences between risk and uncertainty (2 marks)

**Question 5 (8 marks)**

Demonstrate how the following factors impact or are likely to impact agribusiness in PNG.

- a) Changing Climatic conditions (2 marks)
- b) Governments stand on export driven economic policy (2 marks)
- c) Law and order (2 marks)
- d) Government initiated freight subsidiary schemes for farmers (2 marks)

**Question 6 (8 marks)**

List the measures (at least two) that are used to minimise the following risks

- a) Physical risk (2 marks)
- b) Price risk (2 marks)
- c) Personal risk (2 marks)
- d) Institutional risk (2 marks)

**Question 7 (9 marks)**

Explain how the following factors create a conducive business environment for agribusiness to flourish;

- a) standards and regulations (3 marks)
- b) research and development (3 marks)
- c) financial services (3 marks)

**Question 8 (21 marks)**

An asset cost K20000.00 and can be sold off in the next 5 years for K1500.00. Calculate the total depreciation and salvage value of the asset using;

- a) Straight line method. Show all workout clearly. (7 marks)
- b) Sum of the years digits method. Show all work out clearly. (7 marks)
- c) If the rate of depreciation is 7% than calculate the total depreciation. Show all workout clearly. (7 marks)