FACULTY	FACULTY OF AGRICULTURE, ENGINEERING AND NATURAL SCIENCES		
SCHOOL	AGRICULTURE AND FISHERIES SCIENCES		
DEPARTMENT	ANIMAL PRODUCTION, AGRIBUSINESS AND ECONOMICS		
SUBJECT	PROJECT PLANNING AND MANAGEMENT		
SUBJECT CODE	AAEC 3881		
DATE	JUNE 2023		
DURATION	**3 HOURS**	**MARKS**	100

Second Opportunity Examination Paper

Examiner: Prof Helmke Sartorius von Bach and Mr. Cecil Togarepi
Internal moderator: Mr. M.M. Eiseb
External Moderator: Dr. T. Moyo

Instructions

- The Question paper consists of Four **(4)** questions
- All questions carry equal marks (**25 marks each**)
- Please write legibly and number your questions clearly
- Student are allowed to make use of calculators
- This Question paper consists of three **(3)** pages including this front page

UNIVERSITY OF NAMIBIA EXAMINATIONS

Question 1 **[25]**

Using the information below:

i. Outline the key questions/criteria used to identify Stakeholders. (5)

ii. Prepare a stakeholder analysis chart (5)

iii. Prepare a stakeholder analysis matrix using the information provided and explain what action you will use to manage the stakeholders and strategies you would use to capture their concerns in the 4 quadrants. (15)

Key	Organization	Name	Power (1-5)	Interest (1-5)
A	Operations	Justina	2	2
B	Operations	Shivute	4	5
C	Supplier	Shilongo	1	1
D	Supplier	Katti	1	2
E	Trial Customer	Indongo	3	5
F	Engineering	Hausiku	4	1
G	Engineering	Shaanika	2	4

Question 2 **[25]**

Discuss the factors that are used to ensure project sustainability in programming process, highlighting the triple bottom sustainability framework and quality factors. (25)

Question 3 **[25]**

a. Discuss the five risk response strategies that can be used in risk management giving appropriate examples. (10)

b. Discuss any five risk response criteria to assess risk response effectiveness in project management. (15)

Question 4 **[25]**

Shikongo and Shivute is a business partnership set up by the two some years ago. The partners are now considering the installation of a new computer system using specially written software to streamline the business's warehousing operations. The initial outlay on the project will be substantial. A feasibility study has already cost N$20 000. Shivute estimates that payments to the software house will be N$100 000 immediately, with a further N$75 000 in a year's time. New equipment and installation and testing costs will amount to N$148 000 during the first year (it should be assumed for appraisal purposes that these costs arise at time 1). The plan is that the new system should go live in one year's time. After that point the business should start to reap considerable benefits from what will be, essentially, a paperless ordering and shipment tracking system. The partners plan to reduce their staffing levels considerably during the first two years during which the system is in operation and there will be other cost saving benefits including a reduction in office storage space,

stationery, postage and other costs. Because of the increased efficiency of the operation, the partners also expect substantial increases in sales. The net cash inflows forecast from the installation of the new systems are as follows:

Time (year)	N$000
0	(100)
1	(323)
2	184
3	159
4	108
5	96
6	40

At the end of year six, the partners anticipate that the system will have to be scrapped and replaced with whatever is the latest technology at the time. There will be no residual value in the system at that point.

The partners have asked you to appraise the project to see how quickly it will pay back. You offer to appraise the project using discounted cash flow techniques, although Shikongo (who did a business course a few years ago) is distinctly sceptical about this approach: 'The good thing about payback is that you can see immediately how long it's going to take to recoup the cost of the investment. Discounted cash flow doesn't make any sense to me'. However, he agrees that it might just be helpful to see what the NPV of the project is, and he estimates the business's cost of capital at 11%.

Required

i) Calculate the payback period for the project (8)

ii) Calculate the NPV of the project using 11% as the discount rate (10)

iii) Briefly set out the arguments in support of the point of view that discounted cash flow techniques are superior to payback as a method of investment appraisal. (7)

THE END