



**NGETTA CAMPUS  
FACULTY OF AGRICULTURE**

**BACHELOR OF AGRICULTURAL ECONOMICS AND AGRIBUSINESS MANAGEMENT**

**ACC 3103: AGRICULTURAL FINANCE**

**FINAL ASSESSMENT**

**ACADEMIC YEAR 2023/2024 SEMESTER ONE**

**BAEM III**

**DATE: 11<sup>th</sup>/DEC/2023**

**TIME ALLOWED: 3 HOURS (9:00am-12:00pm)**

**INSTRUCTIONS:**

- *Attempt any four questions of choice*
  - *All questions carry equal marks*
  - *Start every question on a new page*
  - *Do not write anything on the question paper*
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**Question One**

- a) Assuming you have been appointed to be the Agricultural Credit Officer at Centenary Bank – Lira City branch. Discuss the set of procedures and formalities required in processing a farm loan application (10 marks).
- b) Explain the four primary classification of credit in Agriculture (4marks).
- c) Explain the importance of credit to the farmer (6marks).
- d) Discuss any five loan repayment plans used by the financial institutions to recover the loan given out to farmers (5marks).

**Question Two**

- a)
  - i. Define agricultural credit (2 marks)
  - ii. In time classification of agricultural credit, credit is classified into three groups, Explain these three groups (3, marks)
- b) As an agricultural credit officer at Stanbic Bank, you have a new client who wants to borrow money and it's your responsibility to make clients understand the financing and security agreement

completely, Discuss the primary loan terms and conditions included in most financing agreement (13 marks)

- c) Explain risk mitigation through internal processes and controls (7 marks)

### **Question Three**

- a) Define the term Agricultural finance? (2 marks).
- b) Explain the significance of agricultural finance (8 marks)
- c) Examine five internal sources of agricultural finance (5marks).
- d) Assess the impact of Agricultural Credit Facility (ACF) intervention in the financial sector of Uganda (10marks).

### **Question Four**

- a) Define concept of cash flow plan (2marks)
- b) Discuss the tips and strategies for creating a cash flow plan for a farm business (18 marks)
- c) Explain the importance of a cash flow planning in business(5marks)

### **Question Five**

- a) Define the term cash flow budgeting (2 marks)
- b) Discuss the steps involved in a cash flow budget (5 marks)
- c) Explain the actions required for developing a long term strategy for creating a dynamic and sustainable rural agricultural finance (10 marks)
- d) Explain the three main type of financial controls based on their purpose and target areas (3 marks)
- e) Discuss the approaches for implementing a financial controls check list in business (7 marks)

### **Question Six**

- a) Loan diversion occurs when the borrower uses the funds outside the terms of agreement between him and the lender, Discuss the causes of Agricultural Loan Diversion (7 marks)
- b) Suggest the ways of reducing agricultural loan delinquency and diversion (8 marks).
- c) Some farmers fail to repay funds borrowed under agreed repayment conditions, Explain the causes of Agricultural Loan Delinquency (10 marks)

### **Question Seven**

- a) Define risk management (2 marks)
- b) Discuss the risks associated with agricultural lending (8 marks)
- c) Agricultural lenders face financial transactional costs when giving loans to small farmers, Examine the above costs (4 marks)
- d) Explain the risks faced by small farmers (3 marks)
- e) Discuss the strategies of reducing Costs and Manage Risk in agriculture (8 marks)

### **Question Eight**

- a) What do you understand by the term lease? (3 marks)
- b) Explain the types of lease (4 marks)
- c) Explain the benefits leases provide for the landlords and tenants (4 marks)
- d) Explain the principles of prudential regulation and supervision (7 marks)
- e) Discuss the legal and regulatory enabling environment for financial services and agricultural finance (7 marks)

**THE END**

*Merry Christmas and a Gracious New Year 2024*