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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2019/2020 ACADEMIC YEAR
THIRD YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)**

Date: 11th April, 2019
Time: 11.00am – 1.00pm

KAC 306 - PROJECT MANAGEMENT

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Explain the following terms as used in project management:
- i) Tasks (2 marks)
 - ii) Project cycle (2 marks)
 - iii) Milestones (2 marks)
 - iv) Deliverables (2 marks)
 - v) Risks (2 marks)
- b) State and explain three types of cost incurred in a project development. (6 marks)
- c) Describe the three types of project planning (6 marks)
- d) Suppose the following information represent cash flows in different time periods from a project in which the cost of capital is 10%, calculate the NPV

YEAR	CASH FLOWS(Ksh)
0	(1000 000)
1	200 000
2	300 000
3	550 000

(8 marks)

QUESTION TWO (20 MARKS)

- a) Describe five limitations of Pay-back Period method of project appraisal (10 marks)
- b) Define a project cycle management workshop and state the main rules of this workshop (10 marks)

QUESTION THREE (20 MARKS)

- a) In order to maximize the value of the firm the choice of the project evaluation criteria should possess certain features, describe five such features (10 marks)
- b) Describe five limitations of Cost Benefit Analysis (10marks)

QUESTION FOUR (20 MARKS)

- a) The ministry of health is planning to acquire a new machine for an income generating project, it has two alternatives;

	Machine x	Machine y
cost	Ksh 20 000	Ksh 20 000
Estimated lifespan	5 years	5 years
Estimated residual value	Nil	Nil
Estimated net return before depreciation in years	ksh	ksh
1	10 000	12 000
2	8 000	10 000
3	7 000	8 000
4	5 000	5 000
5	5 000	5 000

Required:

- i) Calculate the return on investment of machine X (8 marks)
 - ii) Calculate the return on investment of machine Y (8 marks)
 - iii) Based n your calculations above which machine should be purchased and why (2 marks)
- b) Define project cycle management (2 marks)

QUESTION FIVE (20 MARKS)

- a) A project panning is required in every type of projects in order to achieve the expected success, Explain the six levels of project planning (12 marks)
- b) Reporting is key in a project cycle management and the manager is expected to do so at every phase of the project cycle, Describe the content of a report in project management. (8 marks)