



(University of Choice)

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)

MAIN CAMPUS

UNIVERSITY SPECIAL/ SUPPLEMENTARY EXAMINATIONS
2021/2022 ACADEMIC YEAR

FOR THE DEGREE
OF
BACHELOR OF SCIENCE IN CIVIL AND STRUCTURAL
ENGINEERING

COURSE CODE: CSE 464

COURSE TITLE: PROJECT MANAGEMENT

DATE: 7TH OCTOBER 2022 DURATION: TWO HOURS

INSTRUCTIONS:

1. This paper consists of **FIVE** questions
2. Answer question **ONE** and **ANY** other **THREE** questions
3. All symbols have their usual meaning unless otherwise stated

MMUST observes **ZERO** tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

3

Question ONE {COMPULSORY (25 marks)}

- a) Lack of commitment and poor management of expectations may lead to project failure. Explain. (4 Marks)
- b) A Client may identify an institution to assist in the management of a project. Give 4 competences of such an institution to be identified to assist in project management. (4 marks)
- c) Project planning is key to a successful implementation of a project. Give four tasks undertaken during project planning (4 marks)
- d) Explain the basis and aim of economic appraisal of projects (4 marks)
- e) Due to increased economic activity in Kakamega Town the demand for decent housing has increased. Villa Homes has identified this need and intends invest in housing in the town. In executing the project, the company intends to invest KES 50 Million in putting up an apartment of 30 residential units. The company projects an inflation rate of 12% and expects an annual return of KES 3 Million for the next 5 years. Use the Cost Benefit Ratio to advise Hill View Homes Ltd on the viability of the project. (7 Marks)
- f) Explain the aim of discounting when carrying out financial projections for projects (2 marks)

Question TWO (15 marks)

- a) Define Project Appraisal and explain its objective (2 marks)
- b) In project planning it's important to evaluate project execution based on the critical path. Explain the critical path and give its importance. (4 marks)
- c) Give 4 assessments carried out during commercial appraisal of a project (4 marks)
- d) Din Bel Ltd intends to set up a poultry farm in Webuye town. The project requires an initial investment of KES 3.5 Million and it is expected to generate a cash flow of KES 100,000 per month for the next 4 years. The target rate of return of the project is 15% per annum. Calculate the net present value of the project. (5 marks)

Question THREE (15 marks)

- a) Define the term Project Management and differentiate it from Process Management as used in execution of projects. (2 marks)
- b) Rai Cement intends to establish a cement Factory in Muhoroni. Explain 4 areas that are likely to be covered in the technical appraisal of the project. (8 marks)

- c) Oriental Construction Ltd plans to invest in and constructing an office block in RIAT area within the outskirts of Kisumu town. The total cost of construction and marketing for the office block is estimated at KES 30 Million while the projected benefits of the project over the same period of 5 years is KES 60 Million. Use the Benefit Cost Ratio to advice on the viability of the project. Lack of commitment by an organization can easily lead to project failure. (5 marks)

Question FOUR (15 marks)

- a) For a successful implementation of a project, the project scope needs to be well defined at inception of the project. Explain its importance. (2 marks)
- b) Explain how inadequate people management skills could lead to project failure and suggest how this can be improved in an organization. (4 marks)
- c) A well-defined project has five stages. Outline and explain the first three stages (6 marks)
- d) A project appraisal report is a decision making tool. Explain (3 marks)

Question FIVE (15 marks)

- a) Explain Monitoring and Evaluation as a Project Management tool (4 marks)
- b) Explain 2 objectives of Environmental Appraisal of a project (4 marks)
- c) Bay Holdings Ltd is considering implementing and running two projects namely Project X and Project Y over the next three years. The cash flows for the projects over the period are as follows;

Year	1	2	3
Project X (Million KES)	2	3	4
Project Y (Million KES)	4	3	2

The firm's cost of capital is 10% for both project and the initial investment amount is KES 10 Milion. Calculate the NPV of each project and determine in which project the firm should invest. (7 marks)