



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR**

FOURTH YEAR SECOND SEMESTER EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF TECHNOLOGY IN BUILDING CONSTRUCTION**

COURSE CODE: CSE 464

COURSE TITLE: PROJECT MANAGEMENT

DATE: 21ST APRIL 2023

DURATION: 8 – 10 A.M

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.

Question ONE {**COMPULSORY** (25 marks)}

- a) Explain the importance of Monitoring and Evaluation in project Management (4 Marks)
- b) Critical Path is critical in project planning. Explain its importance and how its achieved (4 Marks)
- c) Explain how poor estimation technique and lack of the project execution team can lead to project failure. (4 Marks)
- d) Give the importance of project scoping as an activity during project incubation (2 Marks)
- e) Project appraisal is recommended before commencement of a project. Outline three areas that are normally appraised. (3 Marks)
- f) Greatwall Apartments Ltd intends to build 200 flats out of which 100 flats will be given on the rent for 10 years at the rent of KES 2 million per year. After 10 years, the rented 100 flats would be sold out at the price of KES 100 Million. The cost of construction will be KES 10 million per flat, which can be sold at KES 15 Million each. Apart from the construction cost, the cost of sales and staff would come to KES 7 Million per year. The financing cost of the project would be KES 150 Million, and the project would last for two years.

Analyze the viability of the investment using Cost-Benefit Analysis. (8 Marks)

Question TWO (15 marks)

- a) Define Project Management (2 marks)
- b) List and explain three causes of project failure (6 marks)
- c) Define Project Appraisal and give its objective (2 marks)
- d) Eco Farm Ltd has the option of investing in a poultry business or fresh vegetables. The two business ventures have the following benefits and costs.

Poultry Farm

The total value of the costs = KES 8 million.

Projected benefits = KES 10 million

Fresh Vegetable Farm

The total value of the costs = KES 10 million.

Projected benefits = KES 21 million

- e) Use an appropriate financial appraisal method to advise Eco Farm Ltd on the best alternative to choose for the investment (5marks)

Question THREE (15 marks)

- a) Explain the time value for money as used in financial appraisal of projects (1 marks)
- b) Explain 3 aspects checked during technical project appraisal (6 marks)
- c) Kiri Pipes, manufacturer DWC HDPE Pipes, intends to set up a factory in Kajiado. The project requires an initial investment of KES 40 Million and it is expected to generate a cash flow of KES 2 million for 4 years. The target rate of return of the project is 20% per annum. Calculate the net present value of the project. (8 Marks)

Question FOUR (15 marks)

- a) Outline 3 indicators of a successful project (6 marks)
- b) Oriental Ventures Ltd is considering two projects to be implemented in Nairobi and Mombasa. Both projects are supposed to be implemented over a period of four years. The details of the investments are as given below;

Year	1	2	3	4
Nairobi Project (Million KES)	5	1	4	3
Mombasa Project (Million KES)	3	4	1	7

The firm's cost of capital is 12% for each project and the initial investment amount is KES 15 Million. Calculate the NPV of each project and determine in which project the firm should invest.

(9 marks)

Question FIVE (15 marks)

- a) Explain the first three stages of a project (6 marks)
- b) Outline the objectives of a legal and environmental appraisal of a project (4 marks)
- c) Define Internal Rate of Return (IRR) as used in determining the economic viability of a project. Explain how it differs from Net Present Value and Benefit – Cost Analysis in application (5 marks)

