



MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

UNIVERSITY ORDINARY EXAMINATION

2020/2021 ACADEMIC YEAR

**THIRD YEAR FIRST SEMESTER EXAMINATION FOR, BACHELOR OF
COMMERCE (FINANCE)**

BCF 301– PROJECT AMANAGEMENT

DURATION: 2 HOURS

Instructions to candidates:

1. Answer question One and Any Other Two questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION

QUESTION ONE (30 MARKS)

- a) Setting SMART goals is important in project planning. Describe the meaning of each initial of the method.(5Marks)
- b) Identify three benefits of using the pay back period method in project appraisal. (6Marks)
- c) Describe two roles of a work breakdown structure in the preparation of projects. (4Marks)
- d) List five measures a project manager should use to address project risk. (5Marks)
- e) Give three justifications for using the economic criterion in evaluating a project. (3Marks)
- f) A hospital is considering buying a new machine. The hospital faces the following options:

	Machine X	Machine Y
Cost	20000	20000
Lifespan	5 Years	5Y
Residual Value	Nil	Nil
Net returns before depreciation		
	Y1 10000	12000
	Y2 8000	10000
	Y3 7000	8000
	Y4 5000	5000
	Y5 5000	5000

Determine:

- a) Total profits after depreciation. (2Marks)
- b) Average profits after depreciation. (1Mark)
- c) Returns on Investment. (4Marks)

SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION

QUESTION TWO (20 MARKS)

- a) Identify and explain four key performance indicators (KPLS) relevant to project monitoring. (10Marks)
- b) Given the following payoff table and probability distribution for project Si, determine:
 - i. The expected payoff under uncertainty (EMUU). (5Marks)
 - ii. The expected payoff under certainty (EMUC). (5Marks)

	Act			
State	A1	A2	A3	Probability
S1	8	10	5	$P(s1)=0.2$
S2	15	12	10	$P(s2)=0.3$
S3	20	12	5	$P(s3)=0.1$
S4	2	5	20	$P(s4)=0.4$

QUESTION THREE (20 MARKS)

- a) Discuss four roles of shadow prices in project management. (10Marks)
- b) Many public projects stall or fail to attain their objectives in Kenya. With the help of examples, explain five measures to address this problem. (10Marks)

QUESTION FOUR (20 MARKS)

- a) The county government of Murang'a intends to undertake a vaccination project within the county. Identify and justify four goals that the county might be seeking to achieve. (10Marks)
- b) Explain five components of the political method of evaluating projects. (10Marks)