



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAINCAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: HBC 2201

COURSE TITLE: INTERMEDIATE ACCOUNTING 1

DATE:

TIME:2HOURS

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any other TWO(2) questions

MRUC observes Zero tolerance to examinations irregularities

This paper consists of 2 printed pages. Please turn over



Question one

The following information relates to Natco Ltd for the month of April 2015

Purchases	400,000
Sales	600,000
Wages	80,000
Rent	40,000
Motor van expenses	20,000
Stationery	5,000
Rates	6,500

Additional information

1. 40% of sales and 50% of purchases were on credit
2. All expenses apart from wages are paid for on cash
3. Included in Motor van expenses is sh 6,000 depreciation

Calculate the net profit under: Accrual basis and Cash basis (8marks)

b. Discuss the internal and external factors that provide evidence of impairment of an asset (10 marks)

c. Mazeila mining company operates a copper mine. The company paid sh 5,000,000 for the mining site. and spent an additional sh 2,200,000 for exploration and sh 2,300,000 to prepare the mine for extraction. After the copper is extracted in three years, the company is required to restore the land to recreational use. The company has provided the following cash flow possibilities

Cash flow	probability
1,600,000	20%
1,700,000	25%
1,800,000	30%
1,900,000	25%

To aid extraction, the company purchased mining equipment for sh 900,000. The risk free interest rate is 10%

Required:

- i. Determine the capitalized cost of the coal mine (12marks)

Question Two

- a) PLC ltd sell their product offering 30 days credit to customers. Uncollectible amounts are estimated by accruing a monthly charge to bad debt expense at 1% of credit sales. At the end of the year the allowance for uncollectible account is adjusted on an ageing of accounts receivable. The company began in 2013 with the following balances in its accounts

Accounts receivable	sh490,000
Allowance for uncollectible accounts	sh 45,000

During the year, credit sales amounted to sh 1,950,000. Cash collected was 1,875,000. Actual write offs were sh 37,500. An ageing of accounts receivable indicates a required allowance of sh 38,000.

Required:

- Calculate the balance in accounts receivable and uncollectible accounts at the end of 2013(10marks)
- Calculate the bad debt expense (5marks)
- .Explain any five types of intangible assets (5marks)

Question Three

. The following table relates to Matco ltd for one month

Date	Transaction	Quantity in units	Cost in sh
may 1	Opening inventory	14000	30
May 5	Purchases	2000	34
may 8	Sales	10000	
may 15	Purchases	12000	35
may 19	Purchases	4000	39
may 24	Sales	8000	
may 26	Sales	2000	
may 27	Purchases	4000	45
may 29	Sales	3500	

Required: Using the average cost method calculate cost of sales and closing inventory under

- Periodic system(8marks)
- Perpetual inventory system (12marks)

Question Four

a. Discuss the objectives of the conceptual framework of accounting (10 marks)

b. A mining company purchased a coal mine on Jan 1 2014 for sh5,600,000. The estimated capacity of the mine is 1,750,000 tons of coal and the estimated salvage value is zero. The company incurred additional sh50,000 on development of mine for extraction purposes. They had extracted 420,000 tons of coal from the mine up to Jan 31, 2014 and sold all but 20,000 tons of the coal extracted from the mine, with in Jan 2014.

Required:

- i. Calculate the depletion expense on the mine for the month ending Jan 31, 2014
- ii. Show journal entries to record depletion expense

c. Mamolito ltd owns a free hold building. The building is used by the company for its own operations and is therefore not to be treated as an investment property. As at Jan1 2014 the company balances were as follows

land 600,000

building :cost 300,000

depreciation(8years at 2%) (48,000)

net book value 852,000

The building was revalued on the last day of the year as follows

Land sh 860,000

Building Sh380,000

Required: calculate the deficit or surplus on revaluation (5marks)



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2014/2015 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

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COURSE TITLE: INTERMEDIATE ACCOUNTING 1

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Question One

a. The following table relates to purchases and sales of material wye for one month

Date	Transaction	Quantity in units	Cost in sh
Oct 1	Opening inventory	7000	20
Oct 3	Purchases	4500	25
Oct 8	Sales	10000	
Oct 15	Purchases	12000	28
Oct 19	Purchases	4000	26
Oct 24	Sales	8000	
Oct 27	Purchases	4000	30
Oct 29	Sales	8500	
Oct	Purchases	6500	29

Required: Using LIFO method calculate cost of sales and closing inventory under

- i. Periodic system (6 marks)
- ii. Perpetual inventory system (8 marks)

b.. SakutLtd purchased an existing factory for a single sum of sh 6,000,000. An independent valuation of the assets was as follows:

Land	2,400,000
Buildings	2,250,000
Machinery	1,500,000
Equipment	1,600,000
Lorry	1,500,000

Required:

Allocate the lump sum price to each item

(6marks)

- c. Explain the characteristics of an operating lease (6marks)

d.Explain the circumstances under which goodwill can be recorded in Company books (6marks)

Question Two

a. Explain the advantages of factoring as source of finance(12marks)

b. Describe the disclosure requirements of international accounting Standards on depreciation(8marks)

Question Three

a) .Explain any four types of intangible assets (12marks)

b) .Distinguish between depreciation, amortization and depletion of assets (5marks)

Question Four

Steddy ltd had five inventory items on hand at the end of 2013.The estimated gross profit margin is 20%. The following are the selling prices and costs associated with the inventory items

product	Cost	Replacement Cost	Selling price	Estimated disposal cost
A	100	110	200	30
B	200	180	240	40
C	160	140	170	40
D	180	74	200	48
E	190	184	220	48

Required:

Calculate the value of each item of inventory using lower of cost and market(LCM) (20marks)



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2015/2016 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: HBF 2306

COURSE TITLE: PROJECT APPRAISAL

DATE

TIME:

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any other TWO(2) questions

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QUESTION ONE

a) Nidwosre company is considering investing sh 300,000 in a new project . The project’s net cash flows have been estimated as follows

YEAR1 CASHFLOWS	PROBABILITY	YEAR2 CASHFLOWS	PROBABILITY	YEAR2 CASHFLOWS	PROBABILITY
250,000	0.7	200,000	0.4	180,000	0.6
		300,000	0.6	200,000	0.4
				300,000	0.8
				320,000	0.2
2300,000	0.3	400,000	0.7	380,000	0.7
		500,000	0.3	350,000	0.3
				400,000	0.5
				600,000	0.5

Calculate the expected net present value if the risk free rate is 10% (11marks)

b) Distinguish between “Build-own-operate- transfer” and “Build- lease-transfer” structures of project financing arrangement (4marks)

c) Solder ltd is considering the lease of an equipment which has a purchase price of sh 612,500. The equipment has an estimated economic life of 5years. Depreciation is 25% on written down values. The lease rentals per year are sh 210,000. The corporation tax rate is 30%. The before tax interest rate is 12%

Required:

Using NAL analysis, advise management on whether to lease the equipment. (15marks)

QUESTION TWO

Darters Company has a cost of capital of 10% and has a limit of sh1,500,000 available for investment in the current period. The following indivisible projects are being considered

Project	Investment	Net present value
V	525,000	262,500

W	600,000	337,500
X	975,000	570,000
Y	720,000	472,500
Z	345,000	135,000

Surplus funds can be invested to produce 12% in perpetuity.

Required:

Determine the optimal investment plan (14marks)

b) Explain the main components of a cash flow (6marks)

QUESTION THREE

Cassel Company had the following capital structure on 31 December 2013

200,000 ordinary shares	4,000,000
10% preference shares	500,000
8% debentures	2,500,000

It is expected that the company will pay next year dividends of sh 2 per share which will grow at 8%.
The corporation tax rate is 30%

- Calculate a weighted average cost of capital (5marks)
- Calculate the new weighted average cost of capital if the company raises additional sh 1,000,000 by issuing 14% debentures (9marks)
- Explain three methods a firm can use to finance its international investments (6marks)

QUESTION FOUR

- Explain four conditions when conflicting ranking would be given by the internal rate of return and net present value for two or more projects in appraising projects (8marks)
- A company is considering two mutually exclusive projects which have a life of five years. The following are the cash flows of the two projects

YEAR	0	1	2	3	4	5
CASHFLOW FOR M	-25,000	4,200	4,800	7,000	8,000	2,000
CASHFLOW FOR N	-10,000	3,000	3,500	2,000	5,000	1,800

Required:

Calculate the net present value of the incremental cash flow using an interest rate 8% (6marks)

Explain the main differences between cash flow and accounting profits (6marks)



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THIRD YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: HBF 2306

COURSE TITLE: PROJECT APPRAISAL

DATE

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INSTRUCTIONS TO CANDIDATES

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QUESTION ONE

- a) Marianne company is considering a project that will involve an investment of sh 10,000. The interest rate is 15%. The expected cash flows and probabilities are as follows

Year1 cashflow	probability	Year2 Cashflow	probability	Year3 cashflow	Probability
1,000	0.10	1,000	0.20	1,000	0.30
2,000	0.20	2,000	0.30	2,000	0.40
3,000	0.30	3,000	0.40	3,000	0.20
4,000	0.40	4,000	0.10	4,000	0.10

Calculate the expected net present value of the project and advise management whether to invest(12 marks)

- b) Mohammed ltd is considering a proposal to install a new machine. Whose Cost is sh 900,000.

It requires a working capital of sh 120,000.the expected life of the machine is 6 years without any salvage value .the company is allowed to charge depreciation on straight line basis . Tax rate is 30%.the cost of capital is 12%. The expected cash flows for the first three years are sh 315,000, 270,000 and 240,00 respectively.

Calculate the net present value for three years (12marks)

- b) Discuss three advantages of using pay back period to appraise projects (6marks)

QUESTION TWO

- a) A company is considering two mutually exclusive projects W and X which have a life of four years. the cost of capital is 10%. The following are the cash flows for the two projects

Year	0	1	2	3	4
Project W	-300,000	63,000	72,000	105,000	30,000
Project X	-225,000	60,000	67,500	64,000	18,000

Calculate the IRR of the incremental cashflow (14 marks)

- b) Distinguish between a lease and hire purchase (6marks)

QUESTION THREE

- a. Claycity ltd has a cost of capital of 15% and has a limit of sh 100,000 in the current period. 5 divisible projects are being considered whose requirements are as follows

Project	outlay	NPV at 15%
V	20,000	8000
W	40,000	28000
X	35,000	37500
Y	50,000	31000
Z	15,000	3500

Project W and Y are mutually exclusive
Advise Claycity which projects to invest

(14 marks)

a) Explain three features of a good investment appraisal technique

(6marks)

QUESTION FOUR

b) Makita company wish to invest sh100,000 in one of the two projects Y and Z .The interest rate is 10%.The projects cash flows are as follows

Project	Year1	Year2	Year3
Y	20,000	40,000	120,000
Z	100,000	30,000	30,000

Rank the projects using

i) Net present value

(5marks)

ii) Internal rate of return

(7marks)

iii) Explain why there is a conflict in ranking

(2marks)

b) Discuss three limitations of capital asset pricing model

(6marks)



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2015/2016 ACADEMIC YEAR

FIRSTYEARFIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF SUPPLIES AND PROCUREMENT MANAGEMENT

COURSE CODE: HPS 2104

COURSE TITLE: SUPPLIES AND MATERIALS MANAGEMENT 1

DATE

TIME:

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any other TWO(2) questions

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- 1a. Explain five factors which govern preparation of materials budget (10marks)
- b. Discuss five advantages of ABC analysis method of stock control (10marks)
- c. Explain the following terms as used in material costing (10marks)
- i. Capital costs
 - ii. Ordering costs
 - iii. Stock out costs
 - iv. Carrying costs
- 2a. Outline the important features of internal control on stock (10marks)
- b. Discuss the responsibilities of a purchasing manager(10marks)
- 3a. . Outline the contents of a product specification (10marks)
- b. Explain five social responsibilities of management in respect to suppliers. (10marks)
- 4a. Explain four principles of purchasing in an organisation(4marks)
- b. Explain three benefits of product standardization(6marks)
- c. Explain any five factors to consider when purchasing capital goods(10marks)



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2015/2016 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF SUPPLIES AND PROCUREMENT MANAGEMENT

COURSE CODE: HPS 2104

COURSE TITLE: SUPPLIES AND MATERIALS MANAGEMENT 1

DATE

TIME:

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any other TWO(2) questions

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- a. Discuss how personal ethics influence business ethics (10marks)
 - b. Explain the importance of maintaining good buyer-seller relations (10marks)
 - c. Describe the procedure of disposal of scrap, obsolete and surplus items (10 marks)

- 2. Discuss the advantages and disadvantages of supplier vetting (12marks)
 - b. Distinguish between stores audit and stores inspection (8 marks)

- 3a. Explain the qualifications of a purchasing manager (10 marks)
 - b. Explain five advantages of centralized purchasing (10 marks)

- 4 a. Explain four risks associated with hand to mouth purchasing (8marks)

- b. Explain six functions of a tender committee (12 marks)



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ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: HBA 2303

COURSE TITLE: FINANCIAL ACCOUNTING THEORY

DATE

TIME:

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any other TWO(2) questions

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Gross profit		620,000
Less operating expenses	200,000	
Interest on debentures	20,000	
Depreciation on machinery	45,000	
Depreciation on furniture	5,000	
Total expenses		<u>270,000</u>
Net profit		<u>350,000</u>

Additional information

1. Interest on debenture was paid on 31st December 2014
2. The general price index was as follows:

Jan 1, 2014	150
Average for the year	160
Dec 31 st , 2014	180

Required:

Prepare a profit and loss statement after adjusting for price level changes under current purchasing power method (10 marks)

- b. Explain five benefits of human resource accounting (10 marks)



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2015/2016 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: HBA 2303

COURSE TITLE: FINANCIAL ACCOUNTING THEORY

DATE

TIME:

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any other TWO(2) questions

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- 1a. Discuss the weaknesses of economic value approach to accounting for price changes(10marks)
- b. . Explain the benefits of introducing a fully computerized accounting (10 marks)
- c b. Explain five advantages of accounting standards (10marks)

- 2a. Describe the procedure of decision oriented approach to accounting theory (10marks)
- b Write explanatory notes on efficient security markets (10marks).

- 3a. Explain four reasons as to why company should be socially responsible (12marks)
- b. Explain four users of accounting information (8marks)

- 4a. Compare and contrast positive approach with normative approach to accounting theory construction (10marks)
- b. Explain the limitations of historical cost approach in humanaccounting (10marks)
- c. Discuss the limitations of financial records (10marks)

5..The following information relates to invescretz ltd

INVESCRETZ LTD

BALANCE SHEET AS AT 31 DECEMBER 2014

Fixed Assets (NBV)		6,750,000
Stock	2,250,000	
Debtors	1,500,000	
Cash	750,000	

Creditors	<u>(2,250,000)</u>	
Net current assets	2,250,000	<u>2,250,000</u>
		<u>9,000,000</u>

Financed by:

50,000 ordinary shares of		3,000,000
25,000 5% preference shares		1,500,000
Debentures		2,250,000
Reserves		<u>2,250,000</u>
		<u>9,000,000</u>

Required:

Calculate the value of ordinary share using net book value method (10marks)



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2015/2016 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF SUPPLIES AND PROCUREMENT MANAGEMENT

COURSE CODE: HPS 2102

COURSE TITLE: STORES MANAGEMENT STOCK CONTROL

DATE

TIME:

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any other TWO(2) questions

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1a. The following information relates to material zed

Normal usage 4000 unit per week

Minimum usage 2000 unit per week

maximum usage 6000 unit per week

lead time 3to5 weeks

reorder quantity 26000 units

calculate

- i. Maximum level
- ii. Minimum level
- iii. Reorder level
- iv. Average level (10marks)

b. identify four items of stock and explain how they should be preserved (10 marks)

c. Explain five reasons why an organisation would prefer to store all stock items in a central place (10 marks)

2a. Describe the procedure of stock verification using inventory card method (14marks)

b. Explain the meaning of serviceable, unserviceable and obsolete stores (6marks)

3a Discuss the assumptions of economic order quantity (5marks)

b. Discuss three areas from which a store receives materials (6marks)

c.) the following are receipts and issues of material ess

April 1 stock balance 1200 unit @sh 80 per unit

April 1 received 7000 unit @sh 100 per unit

April 4 issued 4500 units

April 6 received 1500 unit @sh 90 per unit

April 8 received 3000 unit @sh 105 per unit

April 10 issued 3500 units

April 18 received 2000 unit @sh 110 per unit

April 20 issued 2700 units

April 24 issued 500 units

The company maintains a minimum stock of 700 units.

Prepare a stores ledger using first in first out method

(9 marks)

4a. Explain the importance of classification and codification of stores (8marks)

b Explain six factors to consider when setting stock levels

(12marks)



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FIRST YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF SUPPLIES AND PROCUREMENT MANAGEMENT

COURSE CODE: HPS 2102

COURSE TITLE: STORES MANAGEMENT AND STOCK CONTROL

DATE

TIME:

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FOR THE DEGREE OF

BACHELOR OF SUPPLIES AND PROCUREMENT MANAGEMENT

COURSE CODE: HPS 2102

COURSE TITLE: STORES MANAGEMENT AND STOCK CONTROL

DATE

TIME:

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- 1a Explain three types of verification of stock (10 marks)
- b. Explain the functions of stores management (10 marks) . c.
Distinguish between alphabetical ,numeric and alpha-numeric system of coding (10marks)

2a. Explain the qualifications of a store's manager (12 marks)

b. Describe how the following articles should be preserved (8 marks)

- timber
- chemicals
- rubber
- leather

3a Discuss the advantages of continuous stock taking (10marks)

b A company has an annual demand for material exe of 360000units.the cost price is sh 30 per unit. Storage cost is 20% of stock value. Ordering costs is sh180 per order.

Calculate

- i. Economic order quantity
- ii. Number of orders
- iii. Total cost of holding stock (10marks)

4a. Explain any five method of valuing material issues (10marks)

b. Explain five types of material kept in a store (10marks)



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2015/2016 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

COURSE CODE: HBC 2404

COURSE TITLE: PROJECT MANAGEMENT

DATE:

TIME:2HOURS

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any other TWO(2) questions

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1. a). Project Management Processes are overlapping activities that occur at varying levels of intensity throughout each phase of the project. Explain any six such processes. (12marks)
- b).The Triple Constraint is a triangle that one cannot adjust or alter one side of it without in effect, altering the other sides. Describe the triple constraints in project management. (9marks)
- c) State and explain three main responsibilities of a project manager. (9 marks)
2. a). Success factors are those inputs to the management system that lead to the success of the project. Explain five such factors(10marks)
- b. write short notes on the following concepts in project management.
- i) Project Design (4marks)
- ii) Gantt charts (3marks)
- iii) Work breakdown structure (3marks)

3. a. the following data relates to a project which comprises activities and time in weeks.

ACTIVITY	PRECEEDING ACTIVITY	OPTIMISTIC TIME IN WEEKS	MOST LIKELY TIME IN WEEKS	PESSIMISTIC TIME IN WEEKS
A	-	15	20	25
B	-	8	10	12
C	A	25	30	40
D	B	15	15	15
E	B	22	25	27
F	E	15	20	22
G	D	20	20	22

Required:

- I. Calculate the expected duration and the variance for each activity (4marks)
- II. A project network for the activities. (4marks)
- III. The expected completion time and variance of the project (2marks)

b.) The management of the project is an activity which does not only focus on the project management tools and procedures but also extends itself to management of risks in the project environment. As a project manager, describe the plan you will follow in managing risk. (10marks)

4. a) Explain the main elements of project life cycle (10marks)

b
(10 Marks)



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2015/2016 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

COURSE CODE: HBC 2204

COURSE TITLE: PROJECT MANAGEMENT

DATE:

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

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Question one

a) Clearly explain the following terms as applied in project risk management.

(i) Project opportunity
(2marks)

(ii) Project Risk
(2marks)

(iii) Risk management
(2marks)

b) Explain the important stages which make up the project life cycle (10 Marks)
c) Discuss five critical success factors for a project (10 marks)

Question two

- a) Explain the various characteristics of a project and outline the difference between a managed and unmanaged project (10 marks)
- b) From the network diagram provided, determine:
- (i) The earliest start time for each activity. (2marks)
 - (ii) The latest start time for each activity (2marks)
 - (iii) The critical path (4marks)
 - (iv) Project duration (2marks)

Question three

- a) The management of ABC Ltd anticipates investing sh 15 million whose cash flows are expected to be as follows:

YEAR	CASHFLOWS FOR PROJECT A	CASHFLOWS FOR PROJECT B
1	8,000.000	6,000.000
2	8,000.000	6,000.000
3	6,000.000	6,000.000
4	5,000.000	6,000.000
5	4,000.000	6,000.000

The required rate of return is 10%.

Required:

Advise the management on the best project to invest in. (10marks)

b.) briefly explain the evolution of project management. (10marks)

Question Four

a).Planning is a function which is central to the management of a project and involves expanding the plan, schedule and budget in the proposal into a much greater details. Explain the process of detailed planning. **(10 marks)**

b). you have been selected by your county's office for development, that is involved in carrying out viable projects for the county to be a member for the project team. Explain what your duties and responsibilities are in relation to project execution. **(10marks)**