



**MASENO UNIVERSITY**  
**UNIVERSITY EXAMINATIONS 2015/2016**

FIRST YEAR SECOND SEMESTER EXAMINATIONS FOR THE  
DEGREE OF MASTER OF ARTS IN PROJECT PLANNING  
MANAGEMENT

**HOMA-BAY CAMPUS**

**PPM 824: PROJECT FINANCE**

Date: 30<sup>th</sup> April, 2016

Time: 2.00 - 5.00 pm

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**INSTRUCTIONS:**

- Answer ANY FOUR questions.



**Answer any Four (4) questions.**

- **All questions have equal marks.**

**Question one**

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- a) Differentiate between project financing and project financial management.  
(3 Marks)
- b) Discuss briefly the historical development of project finance thought.  
(5 Marks)
- c) Explain at least seven (7) features of project finance.  
(7 Marks)
- d) Explain how project finance differs with other forms of public funding.  
(5 Marks)
- e) Explain why the composition of capital structure is one of the important aspects in project finance.  
(5 Marks)

**Question Two**

- f) Explain factors that determine debt-equity ratios when an organization desires to acquire capital to finance a project  
(15 Marks)

**Question Three**

- a) Critically examine the advantages and disadvantages of using ordinary share capital by a project company. (8 Marks)
- b) Discuss how the concept public-private partnership is used to finance infrastructure projects in Kenyan context. (7 Marks)

**Question Four**

- a) Outline any (6) distinctions between corporate finance and project finance. (5 Marks)
- b) Briefly discuss the extent to which the IMF has carried out its mandate over the years with reference to Africa member countries. (5 Marks)
- c) Briefly examine any five (5) obstacles to good project development in African countries. (5 Marks)

**Question five**

Provide a rationale for preferring Internal Rate of Return (IRR) technique over Net Profit Value (NPV) in determining the worth of a social project. (15 Marks)

**Question Six**

Stores data for a small manufacturing firm for the month of October, 2015 were as follows:

<b>Date</b>	<b>Particulars of transaction</b>
2/10/2015	Opening stock 4000 units valued at Shs 160,000
4/10/2015	Received 2000 units @ Shs 50 each
12/10/2015	Issued 5000 units
17/10/2015	received 3000 units @ Shs 60 each
20/10/2015	Issued 3000 units
25/10/2015	Received 4000 units @ Shs 70 each
29/10/2015	Received 2000 units @ Shs 60 each
30/10/2015	Issued 2000 units

Required:

Using the FIFO, LIFO and Weighted Average Stock methods show:

- a) Value of Materials issued up to 30-10-2015
- b) Closing stock as at close of business on 30-10-2015