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MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS**

**2016/2017 ACADEMIC YEAR**

**FOURTH YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS**

**BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 479**

**COURSE TITLE: PROJECT MANAGEMENT**

**DATE: 26TH APRIL 2017 TIME: 2.00PM-4.00PM**

**INSTRUCTIONS TO CANDIDATES**

* ***Answer question ONE (compulsory) and any other THREE***
* ***Question one carries 25 marks***
* ***All other questions carry 15 marks***

 *This paper consists of 3 printed pages. Please turn over*

**QUESTION ONE**

a) Explain the importance of the following when carrying out a feasibility study.

1. Technical analysis **(4 marks)**
2. Social cost benefit analysis **(4 marks)**

b) Explain the qualities of a good project manager **(4 marks)**

c) Describe three important features of a project **(3 marks)**

d) Explain why communication is central to project management **(5 marks)**

e) Briefly describe the stages associated with a project life cycle **(5 marks)**

**QUESTION TWO**

a) Describe the possible types of conflicts that may arise during a project and five ways of handling these conflicts **(9 marks)**

b) Explain ways of handling the conflicts discussed in 2 (a) above **(6 marks)**

**QUESTION THREE**

a) Describe the main activities that interface the main stages of the project life cycle **(12 marks)**

b) Explain any three benefits of interim project evaluation over terminal project evaluation **(3 marks)**

**QUESTION FOUR**

A construction company is preparing a PERT network for laying the foundation of a new art museum. Given the following set of activities, their predecessor requirements and three estimates of completion time:

|  |  |  |
| --- | --- | --- |
| Activity | Predecessor | Estimated duration in weeks |
| Optimistic time | Pessimistic time | Most likely time |
| A | None | 2 | 4 | 3 |
| B | None | 8 | 8 | 8 |
| C | A | 7 | 11 | 9 |
| D | B | 6 | 6 | 6 |
| E | C | 9 | 11 | 10 |
| F | C | 10 | 18 | 14 |
| G | C, D | 11 | 11 | 11 |
| H | F, G | 6 | 14 | 10 |
| I | E | 4 | 6 | 5 |
| J | I | 3 | 5 | 4 |
| k | H, J | 1 | 1 | 1 |

**Required:**

1. Draw the PERT network **(5 marks)**
2. Complete project duration and determine critical path **(10 marks)**

**QUESTION FIVE**

XYZ Co Ltd is considering investing in one of the following two projects X and Y, which require an initial cash outlay of sh. 1,000,000.The cost of capital is 10%. The two projects would generate the following annual cash flows:

|  |  |  |
| --- | --- | --- |
| Year | Project X (ksh.) | Project Y (ksh.) |
| 1 | 150,000 | 200,000 |
| 2 | 400,000 | 350,000 |
| 3 | 450,000 | 400,000 |
| 4 | 450,000 | 400,000 |
| 5 | 200,000 | 100,000 |

You are required to advise the management on which of the two projects they should invest in using:

1. Payback period **(5 marks)**
2. Net Present Value (NPV) method **(5 marks)**
3. Profitability Index (PI) method **(5 marks)**