

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DIPLOMA IN PROCUREMENT
AND LOGISTICS MANAGEMENT

DPLM 0215: PROJECT AND CONTRACT MANAGEMENT

STREAMS: DPLM

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 06/12/2017

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS: Answer question ONE (Compulsory) and any other Two questions

QUESTION ONE (30 MARKS)

- (a) Define a project and differentiate between a project and a program. [10 marks]
- (b) In the current situation in Kenya today projects fail in many organizations/companies. Explain with relevant examples why most projects fail. [10 marks]
- (c) Project appraisal involves a critical review of the proposed project by an independent team of experts in consultation with stakeholder and it offers an opportunity to justify the project proposal. Explain what the project appraisal involve. [10 marks]

QUESTION TWO

- (a) Discuss the project life cycle and give relevant examples where possible and a diagram. [10 marks]
- (b) Define the following terms as used in project appraisal
 - (i) Sacred cow [2 marks]
 - (ii) Operating necessity [2 marks]
 - (iii) Product line extension [2 marks]
 - (iv) Internal rate of return [2 marks]
 - (v) Cost benefit analysis [2 marks]

QUESTION THREE

- (a) Define evaluation and discuss any four types of evaluation. [10 marks]
- (b) (i) Assume project A want to purchase a piece of factory equipment for ksh 500,000 and the equipment would only last for 3 years but it is expected to generate ksh 150,000 of additional annual profit during those years. At the end of the project the equipment can fetch ksh 50,000 as scrap value. Using IRR, advise on the project management on viability of the project given that the required rate of return is 15%. [8 marks]
- (ii) What are the disadvantages of Internal Rate of Return (IRR)? [2 marks]

QUESTION FOUR

- (a) Any institution must have a manager who must have some skills. Clearly discuss the preliquisite skills of a project manager. [10 marks]
- (b) (i) Discuss the major 3 reasons for project management. [6 marks]
- (ii) Highlight the major requirement for monitoring and evaluation. [4 marks]
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