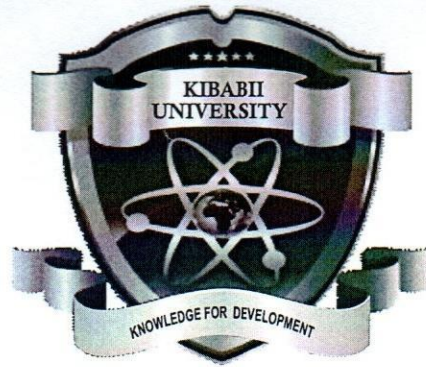


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(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2020/2021 ACADEMIC YEAR

FOURTH YEAR 1ST SEMESTER
MAIN EXAMINATIONS

FOR THE DEGREE OF BACHELOR OF SCIENCE AGRICULTURE
ECONOMICS AND RESOURCE MANAGEMENT

COURSE CODE: IAE 480
COURSE TITLE: PROJECT PLANNING, EVALUATION AND
MANAGEMENT

DATE: 12TH JULY 2021

TIME: 2PM – 4 PM

INSTRUCTIONS TO CANDIDATES

Answer Question ONE and any other TWO Questions.

TIME: 2 Hours

This paper consists of 2 printed pages. Please Turn Over



KIBU observes ZERO tolerance to examination cheating

Question 1

- a) Differentiate between a project and a program. (5 marks)
- b) Discuss the difference between project schedules and work breakdown structure. (5 Marks)
- c) Explain the major characteristics of a project (10 Marks)
- d) Describe major causes of agricultural project failures (10 Marks)

Question 2

Consider this scenario: the organization you are working for has explored two mutually exclusive projects to invest in. You have been appointed as a project planning and appraisal officer of the project. Both projects would have an initial cost outlay of Sh. 5,000,000. The projects expected cash flows are as follows:

Year		0	1	2	3	4	5	6
Cash flows (in million Kes)	Project 1	-5.0	-5.0	2.0	4.5	4.5	3.0	3.0
	Project 2	-5.0	-2.0	1.5	3.0	4.5	2.5	2.5

Required:

- a) Assuming a discounted rate of 12%, which project would be chosen using the discounted payback period method? (16 marks)
- b) Briefly explain the advantages of discounted payback period method (4 marks)

Question 3

Assume that a project costs sh. 600,000 now and is expected to produce year-end cash flows of Sh. 100,000, Sh. 140,000, Sh. 250,000, Sh. 400,000, and Sh. 500,000 in years 1 through 5.

- a). Assuming that the appropriate discount rate is 10%, calculate the Net Present Value of the project. (15 marks)
- b) What are the differences between Net Present Value (NPV) method and internal rate of return (IRR) method for comparison of the project? (5 marks)

Question 4

Discuss the various stages of a project cycle (20 marks)