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KIBABII UNIVERSITY
SCHOOL OF EDUCATION

DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT

EXAMINATION

ACADEMIC YEAR 2022/2023

COURSE CODE: EPM 912

COURSE TITLE: INVESTMENT AND POLICY ISSUES IN EDUCATION

DATE: 2/2/2023

TIME: 2.00PM-5.00PM

INSTRUCTIONS TO CANDIDATES

Answer Question One in section and any other TWO (2) Questions of your choice

TIME: 3 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Page. Please Turn Over.

SECTION A (Answer all questions)

1. a) Distinguish between the following terms:

- i. Average and total costs
- ii. Private rate of returns and social rate of returns
- iii. Private and social costs
- iv. (3mks)

b) Using examples explain the determinants of education cost in developing nations that is faced with dynamic environment (5mks)

c) Discuss the types of costs incurred by the stakeholders' in education investment (6mks)

d) Kibabii University is considering borrowing Ksh 900,000 to invest in one of the projects A and B. The expected cash flows from the projects is as following

Year	A	B
1	100,000	200,000
2	200,000	400,000
3	200,000	100,000
4	600,000	200,000

Required: Using (a) Net present value

b) Profitability index

c) Internal rate of return

Advise the university management which project to choose, assume cost of capital is 10% (18mks)

SECTION B (choose any two questions)

2. Critically examine the implication of the East Africa Harmonization framework of education in the investment of the education in Kenya. Suggest the policy the option to be adopted by the government to address the issue. (15mks)

3. Ministry of Education contemplates to raise debt finance totaling Ksh.1,000,000. It will be required to pay an annual interest of 10%. This money can be invested in one of the following projects, A or B, which will generate the following cash flows:

Period	Project A (Ksh)	Project B (Ksh)
1.	300,000	600,000
2.	100,000	500,000
3.	400,000	400,000
4.	500,000	300,000
5.	600,000	100,000

i) Using the net present value method (NPV) method advise the management accordingly as to which one of the two projects would be viable and why (7mk)

ii).Using payback period (PBP) method, which of the two projects should the Ministry invest in(4mk)

4. Kenya government is facing difficulties in financing higher education due to enormous cost involved. Critically discuss the policy options on how to minimize cost in higher education without compromising on access, quality and efficiency (15mks)

5. a) Discuss the Features of a sound investment evaluation method (7mks)

b) State and discuss the Approaches to investment decision making commonly applicable to education institutions (8mks)