



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATIONS  
2022/2023 ACADEMIC YEAR  
SECOND YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS**

**COURSE CODE: BPM 2103**

**COURSE TITLE: PROJECT IDENTIFICATION AND  
APPRAISAL**

**DATE: 7<sup>TH</sup> DECEMBER, 2022**

**TIME: 1430-1630**

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**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS**

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

### QUESTION ONE (20 MARKS)-COMPULSORY

- a) Narok County Government wants to implement an investment project but it is in a dilemma as to the best amongst three possible projects whose expected cash inflows are as below.

Years	Cash inflow project A	Cash Inflow project B	Cash inflow project C
0	(400,000)	(500,000)	(500,000)
1	40000	180000	220000
2	60000	150000	115000
3	70000	200000	110000
4	100000	100000	120000
5	120000	50000	130000
6	200000	30000	100000

- i) Using NPV determine the project to be implement and explain your answer at 12% interest rate. **(10 marks)**
- ii) Explain the differences between NPV and the IRR approaches to project selection. **(4 marks)**
- b) Using a well labeled diagram explain the project life cycle, highlighting key activities on each phase **(6 marks)**

### QUESTION TWO (10 MARKS)

- a) Discuss the key dimensions of project feasibility analysis. **(4 marks)**
- b) PWC Company is considering investing Sh. 2 million at 10% compounded semi-annually and quarterly for 2 years. Evaluate the two investment options and advice accordingly. **(6 marks)**

### **QUESTION THREE (10 MARKS)**

Project managers are always faced with a series of challenges in ensuring that selected projects meet their designed goals and objectives within the constraints of cost and time. Discuss reasons why projects which have been correctly identified and appraised can still fail, giving recommendations in each case. **(10 marks)**

### **QUESTION FOUR (10 MARKS)**

- a) In order to communicate the needs of an organization to its potential funders, partners, associates, and stakeholders, a project proposal must be articulately drafted. Discuss any two characteristics of a good project proposal. **(2 marks)**
- b) Project donors would want to know how a project activity will be continued once their grant is expended. This calls for feasibility study of the proposed project. Discuss the following types of feasibility.
- i. Financial feasibility
  - ii. Technical feasibility
  - iii. Environmental feasibility
  - iv. Economic feasibility **(8 marks)**

### **QUESTION FIVE (10 MARKS)**

- (a)** Explain distinctive features of a good appraisal model. **(4 marks)**
- (b)** Change management is integral to project management process particularly during appraisal process. Clearly articulate scope related bottlenecks created by changes brought by projects in an organization. **(6 marks)**

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