

1. (a) Vema Limited intends to conduct preliminary screening of project ideas. Explain **three** factors that the management should consider during the exercise. (6 marks)
- Capital / funding - Skills & Experience - Return on investment
- (b) Explain **three** challenges that a project team may face when implementing project controls. (6 marks)
- Budget - Scope creep - M/C management
- (c) Explain **four** ways in which a speaker may hinder effective listening. (8 marks)
- Inaudible - Poor diction - Language barrier - Distraction
2. (a) Outline **four** sources of power and authority problems among project team members. (4 marks)
- Competing interests - Poor resource distribution - Favouritism - Poorly defined roles
- (b) Explain **three** sources of project finance within an economy. (6 marks)
- Govt - Bank - Shareholders equity
- (c) Explain **five** techniques that a project manager may use to monitor project performance. (10 marks)
- Time schedule - Objective evaluation - Return on investment - Market growth evaluation
3. (a) Outline **four** indicators of difficult project stakeholders. (4 marks)
- Poor communication - Competing interests
- (b) Highlight **four** ways in which a project manager may overcome resistance to change in the project plan. (4 marks)
- Create a vision - Gain support - Communicate - Provide training
- (c) Alibaba Manufacturers intends to invest Ksh. 5,000,000 in either project K or project M. The following are the expected cash inflows for each project.

Year	Project K Ksh	Project M Ksh
1	1,800,000	1,900,000
2	1,600,000	1,700,000
3	1,500,000	1,300,000
4	1,200,000	1,100,000

The company's cost of capital is 14%.

- (i) Determine the profitability index of each project.
- (ii) Advise the management on the project to invest in. (12 marks)

4. (a) Brutish Limited has noted a negative deviation from targets with regard to project A. Explain **four** options for corrective action that the project manager may consider. (8 marks)
- Reassign resources - Management / structural modification - Gain clarity - Narrow scope - Downsizing
- (b) Highlight **four** criteria that project objectives should meet to be effective. (4 marks)
- Goals - Scope - Problem
- (c) Explain **four** attributes of an effective Work Breakdown Structure (WBS). (8 marks)
- Authority distribution - Roles - Commitment - Standards

5. (a) Outline **four** behavioural signs of possible project failure. (4 marks)

(b) Explain **four** reasons that make the project status report important to stakeholders. (8 marks)

(c) Project A has been criticised for lack of the attributes that are common to most projects. Explain **four** reasons that may have led to this criticism. (8 marks)

6. (a) Some project managers prefer to implement projects through the matrix organization structure. Explain **four** reasons that may justify such preference. (8 marks)

(b) Explain **four** benefits that an organization may derive from a properly designed project management information system. (8 marks)

(c) Highlight **four** criteria that a successfully completed project should meet. (4 marks)

7. (a) Amu Limited issued a Ksh 1,000,000 8% debenture at par to finance a project. The tax rate applicable to the company is 35%. Compute the cost of the debt capital. (4 marks)

(b) Outline **three** differences between Project Management and Operations Management. (6 marks)

(c) Explain **five** circumstances under which project termination may be considered appropriate. (10 marks)

8. (a) A project has the following time schedule.

Activity	Time in Weeks	Activity	Time in weeks
1 - 2	4	5 - 7	8
1 - 3	1	6 - 8	1
2 - 4	1	7 - 8	2
3 - 4	1	8 - 9	1
3 - 5	6	8 - 10	8
4 - 9	5	9 - 10	7
5 - 6	4		

(i) Construct the network diagram for the project.

(ii) Determine the critical path and its duration.

(12 marks)

(b) Explain **four** personal characteristics that a firm should consider when selecting a project manager. (8 marks)