



# THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

**A. M. E. C. E. A**

**MAIN EXAMINATION**

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**AUGUST – DECEMBER 2018 TRIMESTER**

**FACULTY OF ARTS AND SOCIAL SCIENCES**

**DEPARTMENT OF DEVELOPMENT STUDIES**

**REGULAR PROGRAMME**

**SDS 302: PROJECT APPRAISAL TECHNIQUES**

**Date: DECEMBER 2018**

**Duration: 2 Hours**

**INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions**

- Q1. a) Giving examples discuss any three aspects of project appraisal **(10 marks)**  
b) You have two projects to implement but you can only carry out one project due to limited resources. Make a case for the best project **(10 marks)**  
c) Explain the concept of compounding and discounting **(10 marks)**
- Q2. a) Discuss the importance of project budgeting **(10 marks)**  
b) Explain the importance of project appraisal in doing projects **(10 marks)**
- Q3. Briefly discuss the elements of a project proposal **(20 marks)**
- Q4. Korinda Industries limited is considering implementing a project whose expected cash inflow is as follows:  
100000, 200000, 300000, 600000 and 300000 for five years respectively. If the cash invested was Ksh. 1000000 and the cost of capital was 13 percent.  
a) Calculate the payback period for the project **(10 marks)**  
b) Determine the NPV for the project **(10 marks)**
- Q5. Write short notes on the following:  
a) Shadow prices **(5 marks)**  
b) Imperfect markets **(5 marks)**

- c) Gender appraisal
- d) Internal rate of return

(5 marks)  
(5 marks)

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