EASTERN UNIVERSITY SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT

Part III (4TH) Examination in BBA 2009/2010 (May 2013) (Proper/Repeat)

EXB / 405 Project Management

Answer all Questions
Time: 3 hours

Q1.   Read the case study and answer the questions given below.

XYZ LTD

BACKGROUND

XYZ Ltd. is a privately owned supper market operating its business on the outskirts of a capital city. The XYZ Ltd. has the capacity to expand its operation to other areas in the city. The management of the XYZ Ltd. is considering expanding its operation to a village where they could expand its services and its turnover considerably.

The management of XYZ Ltd. is considering the following alternative options for its expansion of one of its array of business activities.

ALTERNATIVE OPTIONS

Options	Investments (SLR)	Average annual Profit (SLR)	Useful life	Scrap Value (SLR)
A	1,000,000	300,000	5 Years	100,000
B	1,500,000	400,000	6 Years	300,000

The following additional information is given below

1. The average annual profit has been calculated after deducting depreciation on the basis of straight line method.

2. XYZ Ltd's taxation rate is 50%.

3. XYZ Ltd can borrow funds at an interest rate of 20%.

4. You are required to recommend the suitable option using the following investment appraisal methods for the expansion of XYZ Ltd.

Questions:

a) Discounted payback period

(06 marks)

b) Net Present value.

(08 marks)

c) Internal Rate of Return (IRR).

(12 marks)

(Total 26 Marks)

Q2.

a) Define the term "Project", and briefly explain how this definition helps a project manager to exercise his / her responsibility effectively and efficiently.

(Marks 09)

b) Explain the use of the scope triangle to a project manager to keep the system of a project in equilibrium.

(Marks 09)

(Total 18 Marks)

Q3

a) Define the term "Project appraisal" and explain the major aspects to b considered in the feasibility studies of a project.

(08

Marks)

b) Briefly explain the logical Framework matrix, and its usefulness to the project planners with appropriate example.

(Marks 10)

(Total 18 Marks)

Q4.

a) The Leisure World International has planned to build up a new modern recreation centre with advanced technology. The board of directors of the B Leisure World International decided to complete the recreation centre within six months. The work has been divided into five stages which are to be completed simultaneously. Bids were called from construction companies; six construction companies have submitted their tender for each stage of the work. The values of the tenders submitted by the companies are given below
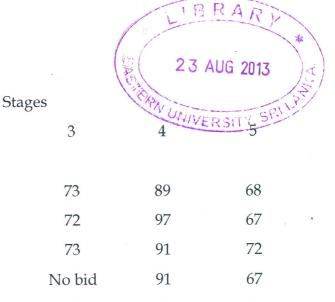
in Million Rupees.

	Stages				
	1	2	3	4	5
Company					
A	87	54	73	89	68
B	No bid	58	72	97	67
C	83	59	73	91	72
X	81	51	No bid	91	67
Y	88	62	75	99	71
Z	85	55	77	87	70

Based on the above information answer the following questions

a) Assume that none of the companies are large enough to undertake the work of more than one stage, advice the management how the five stages could be allocated to companies to undertake the work.

Calculate the minimum total cost for the project.

(Marks 10)

b) On speaking with the representatives of the companies, it is known that companies A, B, X, and Z have the capacity to undertake any two stages simultaneously and that compsny C can undertake any three stages simultaneously. In this situation show how the assignment can be made out for each and every company in order to minimize cost.

(Marks 10)

(Total 20 Marks)

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The supplies division of the Eastern University Sri Lanka has completed the new building and it is planned to shift the activities of the department to the new building. The table below shows a list of the required activities, with their immediate predecessors, estimated Human resources and durations.

Activity	Preceding activity	Duration (days)	No. of men
A	-	2	5
B	A	3	4
C	A	4	4
D	A	2	6
E	D	4	4
F	C	3	5
G	C	6	4
H	B	6	7
I	F	5	3
J	G, E	4	3
K	H,I, J	4	10
L	K	3	11

a) Draw up the network diagram and identify the critical path.

(08 mark

b) Based on the above information, calculate the total human resour
required for this project.

(05 mark

c) If the human resource availability is 14 men per day, how would y
adjust the activities?

(05marl

(Total 18 marl