



UNIVERSITY OF RUHUNA  
FACULTY OF MANAGEMENT AND FINANCE

No. of Pages : 03  
No. of Questions: 05  
Total Marks :70

052

HRM 31433 - Project Management

Academic Year 2021/2022

BACHELOR OF BUSINESS ADMINISTRATION HONOURS DEGREE

3000 LEVEL FIRST SEMESTER END EXAMINATION - AUGUST/SEPTEMBER 2022

Three Hours

**Instructions**

➡ Answer all questions.

01.

- i. List four tasks of a project manager. (02 marks)
  - ii. Briefly explain the role played by a client in the project life cycle. (04 marks)
  - iii. Discuss the importance of creating a baseline budget for a project. (04 marks)
  - iv. Why is it crucial to handle changes while a project is in progress? (04 marks)
- (Total marks 14)

02.

- i. Briefly explain the key elements of a project scope statement. (08 marks)
- ii. A company that manufactures a wide variety of electronic products is considering two projects L and M, both of which require an initial investment of Rs. 200,000. The company must select one of the two projects because they are mutually exclusive. The relevant cash inflows of these two projects are as follows.

Year	Project L	Project M
1	60,000	75,000
2	70,000	65,000
3	50,000	70,000
4	70,000	40,000

- a. Calculate the net present value (NPV) for each project if the company's cost of capital is 10%. (04 marks)
  - b. If NPV is the basis for selecting a project, explain which project is to be accepted. (02 marks)
- (Total marks 14)

03.

Consider the following information relating to a small IT project.

Job activity	Predecessor(s)	Estimated time (days)
A	-	4
B	-	8
C	-	7
D	A	12
E	A, B	6
F	A, B	9
G	C	7
H	A, B	3
I	D, E	5
J	F, G	6

- i. Create an Activity on Arrow (AOA) project network diagram based on the above information. (03 marks)
- ii. Complete the forward pass and backward pass calculations. (02 marks)
- iii. State the critical path of the project. (02 marks)
- iv. List the burst and merge activities contained in this project separately. (02 marks)
- v. Calculate total slack for all non-critical activities. (03 marks)
- vi. Briefly explain what is "slack," and why is it important? (02 marks)

**(Total marks 14)**

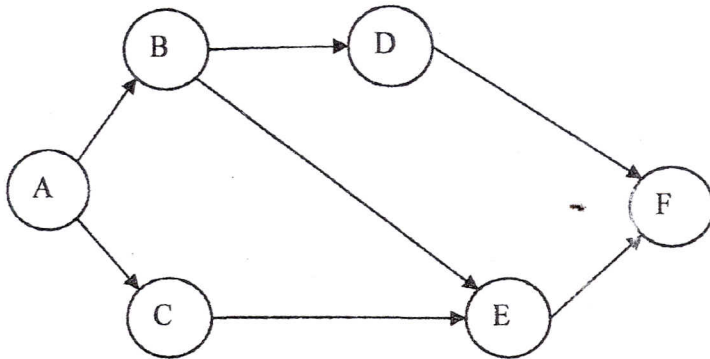
04.

- i. "Project manager should monitor the progress of a project". Discuss this statement. (06 marks)
- ii. Why are some projects terminated before they are completed? (04 marks)
- iii. How does project risk change as a project progresses? (04 marks)

**(Total marks 14)**

05.

Mr. Fernando informed his boss that DCA project would require 23 days for completion according to the project network diagram shown below.



Further, Mr. Fernando realized that the customer wants the task finished earlier. After a discussion with the functional managers, Mr. Fernando discovered the following information.

Activity	Time (Days)		Cost (Rs.)	
	Normal	Crash	Normal	Crash
A	4	2	1600	2240
B	6	5	4800	6800
C	2	1	1280	1520
D	2	1	1920	2880
E	7	5	6400	8320
F	6	3	3200	4640

- i. Calculate the cost slope of each activity. (03 marks)
  
- ii. Crash the relevant activities of the project until you reach the crash point (the point in which the duration cannot be further reduced) (08 marks)
  
- iii. Calculate the estimated duration and cost of the project once it has reached the crash point. (03 marks)

**(Total marks 14)**

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