



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
DEPARTMENT OF ECONOMICS  
FACULTY OF SOCIAL SCIENCES**

**2019\_1 EXAMINATION**

**COURSE TITLE: PROJECT EVALUATION**

**COURSE CODE: ECO 329**

**UNITS: 3**

**TIME ALLOWED: 3 HOURS**

**INSTRUCTION: ANSWER QUESTION NUMBER ONE (1) AND ANY OTHER THREE (3) QUESTIONS.**

1. A project costs ₦100,000 and has a scrap value of ₦40,000. The stream of income before depreciation and taxes are ₦40,000, ₦50,000 and ₦60,000 for the first three years. The tax rate is 50% and depreciation of ₦20,000 is on straight line basis.
  - a. Calculate the accounting rate of return for the project. **(20marks)**
  - b. On what basis can we accept or reject a project proposal? **(5marks)**
2.
  - a. List the key characteristics that make a project. **(5 marks)**
  - b. Briefly discuss any four of the key characteristics listed. **(10 marks)**
3. Describe the sequences in a project cycle. **(15 marks)**
4.
  - a. Identify four factors that will influence the location of a project in Nigeria. **(5 marks)**
  - b. Discuss any three of the factors that you have listed. **(10 marks)**
5. Explain the major format of project evaluation. **(15 marks)**
6. Explain any five categories of project classifications. **(15 marks)**