



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2023_1 POP EXAMINATION.**

COURSE TITLE: PROJECT EVALUATION

COURSE CODE: ECO 329

UNITS: 3

TIME ALLOWED: 3 HOURS

INSTRUCTION: ATTEMPT ANY FOUR (4) QUESTIONS. EACH QUESTION CARRY EQUAL MARKS

QUESTION ONE

- 1a. List six (6) advantages of buying an existing business instead of starting a new one. (6 Marks)
- 1b. Explain the dimension of Marketing Analysis (11.5 marks)

QUESTION TWO

- 2a. Obaka Farms Nig. Ltd needs funding for its commercial operations. List and discuss the sources of financing the company's projects. (10 Marks)
- 2b. Differentiate between projects and programmes. (7.5 marks)

QUESTION THREE

- 3a. Define market failure. (3 Marks)
- 3b. Identify and explain five (5) types of market failure. (7.5 Marks)
- 3c. Imagine that you have the opportunity to open a shop either in Town A or in Town B as follows; which of the two markets is more accessible? (4 Marks)
- 3d. A project requires a cash outlay of N400,000 and yields an annual cash inflow of N100,000 for a period of 10 years; calculate the payback period. (3 Marks)

Table: Town A vs. Town B

Town	A	B
Market value	₦400	₦200
Potential customers	4 big companies	2,000 small companies
Competition	4 competitors	20 competitors

QUESTION FOUR

4a. Define and explain three (3) of the following acronyms, words and phrases: (9 Marks)

- (i) SWOT
- (ii) Observation
- (iii) The marketing plan
- (iv) Cash Return on Assets

QUESTION FIVE

5a. Discuss an organization's risk exposure. (5.5 Marks).

5b. (i). Define the net present value (NPV). (5 Marks).

(ii). Calculate the net present value (NPV) of a project which cost N650,000. But generates cash inflows of N170,000, N360,000 and N470,000 over a three year period. The required rate of return is 10%. Interpret your result. (7 Marks)