



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2024_2 EXAMINATION

COURSE CODE:	BFN409	CREDIT UNIT: 3
COURSE TITLE:	PROJECT EVALUATION	
TIME ALLOWED:	2^{1/2} HOURS	
NOTE:	1. Attempt question number one (1) and any other three questions 2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each 3. Present all your points in coherent and orderly manner	

QUESTION 1 (COMPULSORY)

a) Capacity means ability to do something. But in project terms, the capacity of a plant is a reference to the output of the plant or machine. In view of this, briefly discuss three types of capacity? **15 marks**

b) Briefly state the first five (5) steps in project identification?. **10 marks**

Total 25 Marks

QUESTION 2

a) One of the technique used in identifying project is Top-down approach. State three (3) advantages and disadvantages of the technique. **12 marks**

b) Identify three entities that normally conceive the idea of project

3 marks

Total 15 Marks

QUESTION 3

a) There are few tools used for collecting data in project identification process. Discuss three (3) of such tools **9 marks**

b) Differentiate between Needs Assessments and Capacity Assessments

6 marks

Total 15 Marks

QUESTION 4

a) In project planning and evaluation, it is important to evaluate the size of the market. Discuss three (3) steps in analyzing the size of the market. **12 marks**

b) Briefly explain the concept "Demand Analysis"

3 marks

Total 15 Marks

QUESTION 5

A company is considering whether to invest in a new item of equipment costing ₦53,000 to make a new product. The product would have a four-year life, and the estimated cash profits over the four-year period are as follows.

Year	₦
1	17000
2	25000
3	16000
4	12000

- (a) Calculate the NPV of the project using a discount rate of 11% and is the project worth undertaking? **10 Marks**
- (b) A project costs ₦100,000 and has a scrap value of N40, 000. The stream of income before depreciation and taxes are ₦40,000, ₦50,000, ₦60,000 for the first three years. The tax rate is 50% and depreciation is on straight line basis. Calculate the Accounting Rate of Return (ARR) for the project. **5 Marks**

Total 15 Marks