



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2023\_1 POP EXAMINATION.**

**COURSE CODE: ENT 707**

**CREDIT UNIT: 2**

**COURSE TITLE: PROJECT FINANCE AND BUDGETING**

**TIME ALLOWED: 2.5 HOURS**

**INSTRUCTION: 1. Attempt question number one (1) and any other two (2)**

**2. Question number one (1) is compulsory and attracts 30 marks, while any other two questions attract 20 marks each**

**3. Present your answers in a clearly and orderly manner**

**QUESTION 1:** The World Bank defines project as “a proposal for capital investment to develop facilities to provide goods and services’. It is a technically coherent production undertaking which can be carried out independently of other projects by a private or public agency. The process of planning and managing projects can be drawn as a cycle, as, each phase of the project leads to the next. In this regard, **practically explain the cycle of pipe borne water project in your rural community of Nigeria.** [30 Marks]

**QUESTION 2:** The objective or Purpose of Projective Analysis depends on the point of view of the entity the analysis is undertaken. As such, Project analysis may be carried out from the point of view of four entities. With practical example of what is obtainable in Nigeria, explain these four (4) entities. [20 Marks]

**QUESTION 3:** Costs are the outlays or expenditures made in order to obtain a benefit. Many costs are measured monetarily, such as the cost of buying a new machine or of hiring an additional employee. There are four principal methods of estimating cost in project finance. Identify these principal methods and extensively discuss their roles in project cost estimation. [20 Marks]

**QUESTION 4:** Briefly Discuss the Following Concepts in Project Finance and Budgeting

- a. Cash Flow [5Marks]
- b. Depreciation [5Marks]
- c. The Break-Even Chart [5Marks]
- d. Fixed Costs [5Marks]

**QUESTION 5:** Project financings are extremely complex with its own challenges and obstacles. Odufalu, (2000), identified some of the obstacles to good project development in Nigeria. Enumerate and explain in detail how each obstacle identified by Odufalu impacted negatively on good projects in Nigeria. [20 Marks]