



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2024 1 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) One of the technique use in project identification is Bottom-up techniques. Briefly explain the following terms used under the Bottom-up techniques.

- (i) Participatory Appraisal
- (ii) Facilitation/Community action
- (iii) Needs Assessment Survey
- (iv) Focus Groups
- (v) Community Mapping

15 marks

b) . A project cycle tries to describe the various stages that are involved, from the conception of a project idea to when the project is executed or actually takes off. Understanding a project cycle is very important as it enables us to get the total picture of a project. Explain the stages in project life cycle of any project.

10 Marks

Total 25 Marks

QUESTION 2

a) Identify and discuss any five (5) specific components of information relevant for analyzing supply data.

10 marks

b) State five (5) characteristics of a project.

5 marks

Total 15 Marks

QUESTION 3

a) In project evaluation, there are evaluation techniques used to evaluate the potential merits of an investment or to objectively assess the value of a project or asset. Discuss any **THREE** of these techniques.

9 Marks

b) Explain **THREE** managerial attitude towards project evaluation.

6 Marks

Total 15 Marks

QUESTION 4

Intervention projects are critical to solving emerging project needs in the society however some factors must be considered in finding a suitable location for them. Discuss five of these factors that influence the location of intervention projects.

Total 15 Marks

QUESTION 5

As a Project Finance Analyst, you have been called upon by the Project Director to provide an analysis and give professional advice on the suitability of choosing between two projects. The details of the projects are shown below.

Our company must choose between two investments, Project A and Project B. It cannot undertake both investments. The expected cash flows for each project are:

Year	Project A	Project B
	₦	₦
0	(80,000)	(80,000)
1	20,000	60,000
2	36,000	24,000
3	36,000	2,000
4	17,000	-

The company has a policy that the maximum permissible payback period for an investment is three years and if a choice has to be made between two projects, the project with the earlier payback will be chosen.

You are required to:

(a) Calculate the payback period for each project:

(i) assuming that cash flows occur at that year end

6 Marks

(ii) assuming that cash flows after Year 0 occur at a constant rate throughout each year.

6 marks

(iii) Are the projects acceptable, according to the company's payback rule? Which project should be selected?

3 Marks

Total 15 Marks