



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**UNIVERSITY VILLAGE, JABI-ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2020\_1 EXAMINATION**

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**COURSE CODE: BFN409**

**CREDIT UNIT: 3**

**COURSE TITLE: PROJECT EVALUATION**

**TIME ALLOWED: 2 ½ HOURS**

**Instructions: (1) Attempt question number One (1) and any other Three (3) questions.  
(2) Question number 1 carries 25 marks, while the other questions carry 15 marks each.  
(3) Present your work in coherent and orderly manner.**

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**QUESTION 1 (COMPULSORY)**

- (a) Distinguish between “Project Evaluation” and “Project Selection.” **5 marks**  
(b) Identify their major characteristics. **20 marks**

**QUESTION 2**

There are varied bottom-up techniques that can be used for project identification. Identify and discuss any five (5) of them. **15 marks**

**QUESTION 3**

Project cost refers to all those costs involved in the process of setting up a project. Identify and explain any five (5) items of such cost. **15 marks**

**QUESTION 4**

A project with N72, 000 investment outlay has the following projected stream of incomes from operations:

Year	Earnings before Tax (N)	Cashflow (N)
1	33,000	45,000
2	10,000	22,000
3	8,000	20,000
4	1,000	13,000
5	1,000	13,000
6	1,000	13,000

Calculate the expected payback period for the project.

**(15 marks)**

**QUESTION 5**

- a) Explain briefly the term Evaluation.
- b) Discuss six (6) basic purposes of evaluation.

**3 marks**  
**12 marks**

**QUESTION 6**

There are many margin ratios that can be used to measure the profitability of a project. Categorize and explain any five (5) of such margin ratios. **15 marks**