



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi - Abuja**

**FACULTY OF MANAGEMENT SCIENCES**  
**DEPARTMENT OF ADMINISTRATION**

**OCTOBER/NOVEMBER EXAMINATION 2016**

**COURSE CODE:** MBA 840  
**COURSE TITLE:** PROJECT EVALUATION  
**CREDIT UNIT:** 3  
**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 all your points in coherent and orderly manner.  
**TIME ALLOWED:** 2<sup>1/2</sup> Hours

**QUESTION 1 (COMPULSORY)**

- a) A project costs N120,000 and has a scrap value of N20,000. The stream of earnings before depreciation and taxes are N40,000, N50,000, N60,000, N70,000 and 80,000 for five years. The tax rate is 5% and depreciation is on straight line basis. Calculate the accounting rate of return for the project and evaluate the project. **15 marks**
- b) Assuming the Earnings after Taxes is less than the Cost of Investment; adduce reasons for the possible acceptance of the project. **10 marks**

**QUESTION 2**

- a) List and discuss the various stages involved in a project cycle. **10 marks**
- b) Explain briefly any five (5) factors that influence the location of projects. **5 marks**

**QUESTION 3**

- a) Explain the meaning of projected income statement. **6 marks**
- b) Discuss what a projected cash flow statement is? **9 marks**

#### **QUESTION 4**

Mention and discuss the considerations involved in analytical framework with respect to demand analysis in project evaluation. **15 marks**

#### **QUESTION 5**

- a) Explain the term Project. **2½marks**
- b) In assessment of a project, it is imperative to take into consideration the various variables that are germane to its successful operations and profitability. Discuss. **12½marks**

#### **QUESTION 6**

- a) What are major considerations in economic analysis? **10 marks**
- b) Differentiate between economic analysis and financial analysis. **5 marks**