NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES

2023_2 EXAMINATIONS

COURSE CODE:	**BFN409**	**CREDIT UNIT: 3**
COURSE TITLE:	**PROJECT EVALUATION**	
TIME ALLOWED:	**2 1/2 HOURS**	
INSTRUCTIONS:	**1. Attempt question Number one (1) and any other three.**	
	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) Some writers posit that a project is not different from other types of investment. As a student in financial studies, identify and discuss briefly the salient features of a project that distinguish it from other investments. **10 marks**

b) The location of a project is influenced by many factors. Clarify five (5) reasons that may weigh in favour of a project being located near the source of its raw materials. **15 marks**

Question 2

Assuming you are to analyze the demand situation of the products of a new project, identify and explain five (5) elements of the sequence of the appropriate analytical framework you will use. **15 markets**

Question 3

Projected income before interest and taxes N1,200,000
The cost of the project is N1,500,000 and the company is expected to use a 7% debenture of N1,000,000 and in 15% tax bracket. Calculate expected return on the investment. **(15 markets)**

Question 4

Explain with measurable examples the following terms as they relate to a projected balance.
a) Current Assets **5 marks**
b) Current Liabilities **5 marks**
c) Long Term Liabilities **5 marks**

Question 5

The government has decided to sink a borehole project in a community being ravaged by guinea worm. Describe briefly the type of approach to the project identification and four limitations of such approach. **15 marks**