

BOWEN UNIVERSITY
COLLEGE OF SOCIAL AND MANAGEMENT SCIENCES
ECONOMICS PROGRAMME
B.Sc. DEGREE EXAMINATION
FIRST SEMESTER, 2021/2022 Academic session

Course Code: ECN 305 (3 credits)
Date : March, 2022

Course Title: Project Analysis and Evaluation
Time Allowed: 3 hours

Instructions: ANSWER QUESTION 1 AND ANY OTHER 3 QUESTIONS

Question 1 carries 25 marks while all others carry 15 marks equally

Question 1

- (a) "A project cannot be better than the idea being evaluated." Discuss
- (b) Describe the two major approaches to project ideas
- (c) Evaluate the following projects and advise management accordingly using (i) payback method (ii) return on investment and (iii) net present value approach

Project Mercy

| Years | 0 | 1 | 2 | 3 | 4 |
|--------------|--------|-------|------|-----|-----|
| Net Cashflow | -3,000 | 1,500 | 1200 | 800 | 300 |

Project Success

| | | | | | |
|--------------|--------|-----|-----|-------|-------|
| Net Cashflow | -3,000 | 400 | 900 | 1,300 | 1,500 |
|--------------|--------|-----|-----|-------|-------|

Question 2

- (a) What is the relevance of the size factor and location of projects in project evaluation?
- (b) What is cost overrun? Explain the causes and the remedy to overcome the challenges

Question 3

Discuss the advantages and disadvantages of the following methods of commercial profitability of projects and conclude if any is superior to the others and why?

- (i) The Payback method
- (ii) Return on Investment method
- (iii) The Yield or Internal Rate of Return method
- (iv) The Net Present Value method

Question 4

- (a) In appraising projects from the national viewpoint, it is often said that the most appropriate/ popular method is the cost- benefit analysis, explain

(b) What are the limitations of cost- benefit analysis?

Question 5

Analysize how projects can contribute to the developmental goals of countries

Question 6

Discuss in detail the activity stages of projects