



**CRAWFORD UNIVERSITY**

**FAITH CITY, IGBESA**

**TITLE OF EXAM: B.Sc EXAMINATION**

**COLLEGE: COLLEGE OF BUSINESS AND SOCIAL SCIENCE**

**DEPARTMENT: ACCOUNTING & FINANCE**

**PROGRAMME: BANKING AND FINANCE**

**SESSION: 2016/2017**

**COURSE :PROJECT EVALUATION**

**COURSE CODE: FIN 413**

**INSTRUCTIONS**

**(i) Answer Question 1 which is compulsory and 2 other Questions**

**(ii) Time Allowed: 2 HOURS 30MINUTES**

1a. Suppose you are a consultant to a prospective client who intends to establish a finance company in the Lagos area, and the problem to be investigated is concerned with the market and demand analysis for financial services. Discuss how you would proceed with the study and the factors that you would consider.(15marks)

b. What are the methods of estimating cost of a project?(5marks)

2a.The Kontagora Local Government is considering four projects A, B, C and D which have the following estimated cash-flows and NPVs at a cost of capital of 10%.

Projects	Year 0	Year 1	Year 2	NPV
A	(10,000)	6,000	7,000	+1240
B	(20,000)	14,000	10,000	+991
C	(30,000)	10,000	28,000	+2230
D	(40,000)	30,000	20,000	+3801

Without capital rationing, all the four projects are viable, however, if there is a restriction to the amount of finance available, so that only #60,000 is available in year 0. decide on which project(s) to be undertaken with the financial constraint of the council. (15marks)

b. Outline the Project Life Cycle of your proposed project (5marks)

3a. Distinguish between the following pairs of terms: (i) projects and programmes; project appraisal and project evaluation; (iii) "ex-ante and ex-post" evaluation (iv) principles of costs and benefits (15marks)

b. Highlight various sources of project financing in Nigeria (5marks)

4a. Discuss the potential sources of project ideas and obstacles to good project development in Nigeria. (10marks)

b. What are the economic justifications of government in capital projects? (10marks)

5a. Write short notes on the following:

- i. Internal Rate of Returns (5marks)
- ii. Cost of Capital (5marks)
- iii. Time Value of Money (5marks)
- iv. Net Present Value (5marks)

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