



**Arba Minch University**  
**Continuing and Distance Education Program**  
**Department of Accounting and Finance**

Name .....	Center.....
ID No.....	P.O. Box .....
Term .....	Date .....

Assignment for the Course *Project Analysis and Evaluation*  
(AcFn 424)

This assignment is to be completed and to be sent to the University for evaluation. Its maximum mark is 30%.

Do not try to complete the assignment until you have covered all the chapters and have answered the review questions presented at the end of each chapter.

Please do not forget to write your **Name**, **ID No.** and **Address** on this cover page and also your **Name** and **ID No.** on each page of your answer sheet.

**Part –I Multiple Choices: Choose the best Answer and put your answer on separate answer sheet. (1 Pt. each)**

1. Which one of the following is/are not common characteristics of project and operation?
  - A. Performed by people
  - B. Constrained by limited resources
  - C. Planned, executed, and controlled
  - D. All of the above
  - E. None of the above
2. Identify the incorrect statement about the project:
  - A. Project is an investment activity in which specific resources are committed within a given time frame
  - B. Project is a repetitive activity that is goal oriented and has a particular set of constraints.
  - C. Project has organizational boundaries.
  - D. It is an activity which is likely to have a partially or wholly independent administration.
3. \_\_\_\_\_ is type of project based on identified unsatisfied demand project can be created or on unsatisfied basic needs.
  - A. Donor driven project
  - B. Need driven
  - C. Political driven
  - D. Demand driven
  - E. B & D
4. Project idea emanate from all except one.
  - A. Investment identification missions by donors
  - B. Unsystematic discussions
  - C. Observation of constraints
  - D. Solutions to tackle catastrophes



- E. None of the above
5. At \_\_\_\_\_ stage, the project is being seriously considered as a definite investment action in Baum approach.
- A. Identification
  - B. Financing
  - C. Preparation
  - D. Implementation
  - E. Negotiation
6. Of the following one should not be considered in opportunity study.
- A. Natural resources,
  - B. The existing agricultural base
  - C. Previous demand for consumer goods
  - D. Imports substitution and export possibilities
  - E. Expansions of existing capacity
  - F. All of the above
7. Which activities should be done to have effective project planning?
- A. Identification of alternatives and strategy
  - B. Conducting SWOT analysis
  - C. Setting objectives
  - D. Budgeting
  - E. None
  - F. All
8. Why projects?
- A. They are inefficient means to achieve growth.
  - B. They are mechanisms for encouraging unfair income distribution
  - C. They are powerful to solve immediate problems.
  - D. All
  - E. None
9. Among the following, one does not indicate the common features of projects and operation works:
- A. They are performed by people
  - B. They have the same life span for their achievements
  - C. They are affected by limitation of resources
  - D. Both have similar objectives designed for their achievement.
  - E. A & C
  - F. B & D

10. Which one is/are not project parameter:
- A. Quality
  - B. Time
  - C. Scope
  - D. Cost
  - E. None
11. During preliminary selection, the analyst should eliminate project proposals that:
- A. Are technically unsound and risky
  - B. Have no market for the output
  - C. Have inadequate supply of inputs
  - D. Are very costly in relation to benefits
  - E. Profit promising
12. Which one is/are not common characteristics of projects and programs?
- A. They require resources for their achievement.
  - B. Generating outputs of value
  - C. Both have the same period and objectives
  - D. They Serve as instrument for the execution of development plans
  - E. All F. None
13. Of the following alternatives one is false about project control. Identify:
- A. Project control used for a regular comparison of performance against targets
  - B. Project control is used for searching the causes and deviation of actual performance from plan
  - C. Project control involves commitment to check adverse variances.
  - D. Effective project control is critical for the realization of project objectives.
  - E. None

14. Which one is incorrect about project monitoring:
- A. Project monitoring is a onetime activity in a life of the project.
  - B. Project monitoring compares the inputs and outputs with the expected.
  - C. It deactivates the policy makers and project managers in project performance.
  - D. It is used to record the progress of a project towards the achievement of its objectives
  - E. A & B    F. A & C
15. Among the following all are the factors that can result to deficiency in project formulation, *but*:
- A. superficial field investigation
  - B. adequate assessment of input requirements
  - C. Wise judgments based on experience and expertise
  - D. Right estimation of benefits and costs of a project.
  - E. Except A

**Part- II: Write "TRUE" if the statement is correct and "FALSE" if the statement is incorrect and put your answer on separate answer sheet (1pt.each)**

- 1. Projects under taken by government and business organizations have the same objectives of generating profit.
- 2. Unlike Projects, programs have specific beneficiary group.
- 3. Project selection is meaningful only when it is placed within a broader development framework.
- 4. In developing countries, the private sector remains to be the major source of project ideas.
- 5. Feeling of feasibility is not a good basis for identification of potentially promising projects that worth considering.

**Part III: Short Answer (5 mark)**

1. Discuss in detail the approaches of project identification (2 Pts.)
2. Explain the problems in project identification (1 Pts.)
3. Discuss about the project cycle and its approaches (2Pt).

**Part IV: Work Out (5 mark)**

1. Assume that the following data were collected for six years in order to estimate the future demand by taking the number of household as an explanatory variable.

Year	No. of households (X)	Historical sales (Y)
1	600	2,235
2	850	4,530
3	700	3,887
4	950	3,194
5	1,113	5,885
6	1,150	4,372

**Required:**

- a. Determine the sales function (1 Pts).
  - b. Forecast the demand level for the next coming four years if the number of households: (2 Pts.)
    - i. Increases by 50 for the first two years of forecast.
    - ii. No change in population level in the third year of forecast and
    - iii. Decreases by 60 in the last year of forecast.
2. The Dream Corporation is trying to choose between the following two mutually exclusive design projects at the required return of 9%:

Year	Cash Flow A	Cash Flow B
0	-\$20,000	-\$3,000
1	10,000	2,500
2	10,000	2,500
3	10,000	2,500

- a) If the company applies the NPV decision rule, which project should the firm accept and why? (1 point)
- b) If the company applies the payback period decision rule, which project should the firm accept and why? (1 Point)