

Question Bank

The First Semester

Subject: Project Evaluation and Investment Decisions

Stage: Fourth

Academic Year:2023-2024

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Q/ If you have the following data from the three projects (A & B):

The Details	Project A	Project B
The investment cost of the project	97356	58390
The useful life	6 years	8 years
Annual net revenue	60951	29530

Knowing that:-

1. the cost of the initial investment paid a single payment for the project(B).
2. Pay the initial cost of investment in two equal installments, the first when incorporation and the second in two years for the project (A).
3. The interest rate is the prevailing (23%).

Required: Which projects is a best way by the net present value?

Q/ Fill in the blanks below :

- 1-Factors affecting the location of the project the ----- , ----- and ----- .
- 2- ----- these are projects owned by the ----- and ----- together, with the goal of achieving an -----.
- 3-The difficulties of feasibility studies the ----- , the----- and -----.
- 4- The importance of the investment decision it is required to know the impact of the----- and -----.
- 5-resources of information collection for the initial feasibility study is done through-----and-----.

Q/ The following data represent the total revenue and costs for industrial project supposed to produce iron:

Years	1	2	3	4	5	6
Revenues monetary unit	45740	62240	74089	89740	93619	93619
Costs monetary unit	64130	67540	69526	69526	69526	69526

Required: Calculate the internal rate of return for the project, noting that the approved interest rate ranging between (22 % - 27 %), as the prevailing interest rate in the market is 24 %.

Q/ If we impose that the amount of production, prices and estimated costs of the proposed projects are as explained in the table below, and the project is expected for 5 years, and the initial cost of the project is (257381) monetary units.

The years	1	2	3	4	5
production volume	13955	15383	17526	18955	20026
Price per unit	3.12	3.67	3.93	4.29	4.81
cost per unit	2.64	2.49	2.15	1.98	1.87

Required: Find a simple return rate for the project, make a decision on accepting or rejecting the project, if they learned that interest rate prevailing in commercial banks (9 %).

Q/Answer the following :-

A- General criteria for project selection are applied, for example, there are project ideas that can be quickly excluded if they are:

B- The importance of the investment decision is represented by:

Q/What is the meaning of the Evaluation?

Q/What are they definitions : Investment , The investment project , Investment activity , The investment program , The investment plan .

Q/ What is the Project?

Q/Definition of the project feasibility study, and What the Importance of the feasibility study?Q/What is a Business Plan ?

Q/The number of stages of preparing the feasibility study.Q/defining the project objectives and explain of them ? Q/What is the stages of preparing the feasibility study?

Q/What is the Project selection criteria?

Q/Explain the objectives of the initial feasibility study.Q/What are the elements of the project?

Q/What is the project cycle?

Q/What is the importance of the investment decision?

Q/Through the initial feasibility study, the following information can be clarify what it is? and explain one of them. Q/Explain sources for gathering information for the initial feasibility study.

Q/What do you the most important data and information required in the initial feasibility study ? and explain one of them.Q/What do you the detailed feasibility study for the project ?

Q/What is the study the environment ?