

Name:

Student ID:



Class Test 2

United International University (UIU)

Fall Trimester: 2020; Course Code: IPE 401; Course Title: Industrial Management

Full Marks: 20

Date: 22/11/2020

Time: 25 minutes

CSE-SECTION (A)

- 1 (a) Two Mutually exclusive projects have cash flow shown below: Select the suitable project and apply discounted payback period method considering 21% cost of capital compounded semiannually. And the project selection authority wants payback period to be less than 4.5 years. (18)

Project “P”

Year	0	1	2	3	4	5
Cash Flow	-36009	12324	8932	7264	5149	7139

Project “Q”

Year	0	1	2	3	4	5
Cash Flow	-48078	17782	18758	13225	14478	23315

- (b) If the projects are Independent and you consider NPV method, will your answer be changed? Show with necessary calculations. (2)