

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: 21/02/2020

Time: 20 minutes

CSE-SECTION (B)

- 1 (a) Two independent projects have cash flow shown below: Select the suitable project and apply discounted payback period method considering 26% cost of capital compounded quarterly. And the project selection authority wants payback period to be less than 5 years. (18)

Project “P”

Year	0	1	2	3	4	5
Cash Flow	-33789	15572	11476	2158	9137	26457

Project “Q”

Year	0	1	2	3	4	5
Cash Flow	-88975	33215	46689	26458	27781	48751

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