

College Name: \_\_\_\_\_

Student Name: \_\_\_\_\_ Seat No: \_\_\_\_\_

Copy No: \_\_\_\_\_

**KARACHI UNIVERSITY BUSINESS SCHOOL**  
**UNIVERSITY OF KARACHI**  
**FINAL EXAMINATION JUNE 2017; AFFILIATED COLLEGES**  
**PROJECT DEVELOPMENT EVALUATION AND FEASIBILITY REPORT; BA(BS)-631**  
**BBA – VII**

Date: July 14, 2017

Max Time: 2 Hrs  
Max Marks: 60

**INSTRUCTIONS:**

1. Attempt any 4 questions. Do not write anything on the question paper, EXCEPT the initials mentioned above.
2. Mobile phone(s) or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

- Q1 a) What key questions are raised in market analysis?  
b) What sources of secondary information useful for market and demand analysis in Pakistan. Briefly discuss in points.
- Q2 a) How will you define a project? Explain its significance and features.  
b) Explain clearly the broad features of capital budgeting process.
- Q3 a) What aspects are considered in technical analysis of a Project?  
b) List the key issues to be covered in a technical collaboration arrangement.
- Q4 Describe briefly the aspects of a business environment that need to be monitored as well as the dimensions along which a firm may appraise its strengths and weaknesses for identifying investment opportunities.
- Q5 MN Company purchased and installed a Machine for \$64,000 which produces Jell Pens. The estimated useful life of Machine was 5 year and residual value \$4000. The expected sale in year-1 is 8,000 pens and it will increase by 5% each year. The selling price of each Pen \$20, Material and Conversion cost are \$3 and \$2 respectively. The incremental fixed cost for this machine \$400 per year excluding depreciation. The applicable Corporate Tax rate is 30%.

**Required:** Calculate the Net Present Value of the Above Project where WACC is at 12%.

- Q6 Nasir Corp. is considering two mutually exclusive investment projects P and Q. The expected cash flows of these projects are as under:

Year	Project P	Project Q
	Rs.	Rs.
0	(1,000)	(1,600)
1	(1,200)	200
2	(600)	400
3	(250)	600
4	2,000	800
5	4,000	100

**Required**

1. Construct the NPV Profiles for the projects P and Q.
2. What is the IRR of each project?
3. Which project would you choose if the cost of the project is 10% and 20%?

**END OF EXAM PAPER**