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18MBAFM306

Third Semester MBA Degree Examination, Dec.2019/Jan.2020
Project Appraisal Planning and Control

Time: 3 hrs.   Max. Marks:100

Note: *1. Answer any FOUR full questions from Q.No.1 to 7.*
2. Q.No. 8 is compulsory.

1 a. Describe the importance and difficulties of capital investment   (03 Marks)
   b. Discuss the phases of capital budgeting.   (07 Marks)
   c. Explain the facts of project analysis.   (10 Marks)

2 a. What are the 3 components of cash flow?   (03 Marks)
   b. Discuss the five stages of projects appraisal in UNIDO method.   (07 Marks)
   c. What are the various Administrative aspects of capital Budgeting?   (10 Marks)

3 a. What is capital budgeting?   (03 Marks)
   b. What are the steps in Decision Tree Analysis?   (07 Marks)
   c. Explain various methods of Demand Forecasting.   (10 Marks)

4 a. What is Capital Ratioing?   (03 Marks)
   b. What are the aspects studied under rationale of SCBA?   (07 Marks)
   c. Consider the following projects that are implemented by a firm which as a capital budget
       constraint of Rs.30,00,000/-

Projects	Outley (Rs)	N.P.V. (Rs)
A	18,00,000	7,50,000
B	15,00,000	600,000
C	12,00,000	5,00,000
D	7,50,000	3,60,000
E	6,00,000	3,00,000

The projects B and C are mutually exclusive, other projects are independent. Determine the
feasible combination of projects to maximize N.P.V.   (10 Marks)

5 a. Mention the various methods of projects selection under Risk.   (03 Marks)
   b. Explain various qualitative factors in capital budgeting.   (07 Marks)
   c. Explain the various aspects to be considered in Technical Analysis of a project. (10 Marks)

6 a. What are the different forms of project organization?   (03 Marks)
   b. Explain briefly various constraints involved in a project.   (07 Marks)
   c. What are the various Techniques for analyzing of Risk?   (10 Marks)

7 a. What is Benefit Cost Ratio? **(03 Marks)**
   b. What are the pre-requisites for successful project implementation? **(07 Marks)**
   c. Ramya flour Mill setting up a factory in Bangalore, based on previous experience. Determine financial Break Even and confirm the same data:

Particulars	Z
Investment	20,000
Sales	18,000
V. cost (2/3 of sales)	12,000
Fixed cost	1000
Depreciation	2000
Pre tax profit	3000
Tax	1000
Profit after tax	2000
Cash flow from operation [PAT + Dep]	4000
Salvage value	-
Life	10 year
Cost of capital	12%

(10 Marks)

CASE STUDY

8 A firm is having Balance Sheet for year ended 't' as given below:

Liabilities	Rs	Assets	Rs
Share capital	100	Fixed Assets	180
Reserves and Surplus	20	Investments	-
Secured loan	80	Currents Assets	
Unsecured Loans	50	Cash 20	
Current liabilities	90	Receivables 80	180
Provisions	20	Inventory 80	
	360		360

The projected income statement and distribution of earnings for the year t + 1 is given below:

Sales	400
Cost of goods sold	300
Depreciation	20
PBIT	80
Interest	20
PBT	60
Tax	30
Dividends	10
Retained earnings	20

During the year t + 1 firm wants to raise secured loan of 20, repay previous termloan 5, increase unsecured loan by 10. Current liabilities and provisions remain same. Firm wants to purchase machine worth 30 and increase inventory by 10. Receivables increase by 10 firm wants to pay dividend 10. Prepare projected Balance sheet. **(20 Marks)**

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