

Question 1: What you will suggest to the incharge of matrix organization to improve the coordination

Question 2: When the Economic Pool was established? Give few main features of Economic Pool.

Question 3: Which need of McClelland's Theory is uncommon in the real world scenario and why?

Question 4: Which understand of decentralization and discuss the disadvantages of decentralization.

Question 5: Why devolution of power and functions is necessary for the efficient system of government?

Question 6: A statement was given we have to find Plowback ratio

Question 7: A stock is expected to pay a dividend of Rs.0.75 at the end of the year. The required rate of return is $k_s = 10.5\%$, and the expected constant growth rate is $g = 6.4\%$. What is the stock's current price?

Question 8: Briefly explain what call provision is and in which case companies use this option.

Question 9: Define interest rate risk and investment risk.

Question 10: Hammad Inc. is considering two alternative, mutually exclusive projects. Both projects require an initial investment of Rs. 10,000 and are typical, average-risk projects for the firm. Project A has an expected life of 2 years with after-tax cash inflow of Rs. 6,000 and Rs. 8,000 at the end of year 1 and 2, respectively. Project B has an expected life of 4 years with after-tax cash inflow of Rs. 4,000 at the end of each of next 4 years. The firm's cost of capital is 10 percent. If the projects cannot be repeated, which project will be selected, and what is the net present value?

Question 11: ICO Company must decide between two mutually exclusive projects. The following information describes the cash flows of each project.

Year	Project A	Project B
0	Rs. (20,000)	Rs. 24,000
1	10,000	10,000
2	8,000	10,000
3	6,000	10,000

1. Assume that 15% is the appropriate required rate of return. What decision should the firm make about these two projects?
2. If the firm reevaluated these projects at 10%, what decision should the firm make about these two projects?

Answer:

We have 2 project A , B

Project A, $I_0 = -Rs20000$, $Yr1 = +Rs10000$, $Yr2 = Rs8000$, $Yr3 = Rs6000$

Project B, $I_0 = -Rs24000$, $Yr1 = +Rs10000$, $Yr2 = Rs10000$, $Yr3 = Rs10000$

In simple NPV =

Project A = $-20000 + 10000 + 8000 + 6000 / (1.15)^3 = Rs2630.19$