



<b>CANDIDATE DETAILS</b>			
Access Number	Roll Number	For Official Use Only	Serial Number
Subject <b>PROJECT FINANCING</b>			
Candidate's Name			
Father's Name			
CNIC Number			
Cell Number		E-mail	
I verify that my particulars given above are correct and I declare that I have read the INSTRUCTIONS printed in the examination booklet, and/or given in the ISQ Examination Guidelines, violation of which would mean cancellation of my paper and debarment from appearing in future examinations.			
Candidate's Signature		Invigilator's Signature	



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# The Institute of Bankers Pakistan

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## ISQ Examination Winter - 2018 AIBP Project Financing

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SEAL  
BOOK  
HERE

Section 2  
Constructed and Extended  
Response Questions

Number of Questions: 5  
Marks: 40

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Allotted time : 120 minutes

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## INSTRUCTIONS FOR THE CANDIDATES

1. The candidate must abide by the ISQ Examination Guidelines sent along with the admit card.
2. The candidate must sign the booklet after verifying the particulars and should **NOT** write his/her name or roll number on any other page of the examination booklet.
3. Use of non-programmable scientific calculator is allowed;
4. The candidate is advised **NOT** to approach the invigilators for seeking any explanation related to the questions in the examination paper.
5. Laptops, mobile phones or any other gadgets are **NOT** permitted in the examination hall. **ONLY** simple calculators are allowed except where indicated in the ISQ Examination Guidelines. If any candidate is found in possession of any restricted gadgets or items, his/her examination paper will be cancelled immediately.
6. The candidate must ensure that the examination booklet has all the pages duly numbered. If any page is missing, damaged or not numbered, then return the booklet to the superintendent / invigilator and obtain another booklet.
7. Write your answer **ONLY** in the given space for each question. Anything written outside the given space will not be considered for marking.
8. **ONLY** blue or black ball points are to be used.
9. The candidate must attempt **ALL** questions in the paper.

### For Official Use Only

Marks Obtained	Q.1	Q.2	Q.3	Q.4	Q.5	Total Marks	Total in words
Marker - I							
Q.C							
Scrutiny							
Re-Scrutiny							
Marker- II							

Signatures:

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1. Marker - I

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2. QC

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3. Scrutinizer

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4. Re-Scrutinizer

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5. Marker - II

**Q1.** Investment Manager is evaluating two projects with the following cash flow stream:

Project	Initial Investment	Year 1	Year 2	Year 3
	----- <i>(Rupees)</i> -----			
<b>A</b>	200	90	110	200
<b>B</b>	250	30	30	500

Cost of capital is 15%.

**Required:**

Which project should Investment Manager, select on the basis of:

**A.** Net Present Value. (3 Marks)

**B.** Internal Rate of Return (7 Marks)

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**Q2.** What minimum information are required by the banks before making the lending decision for Infrastructure Project Financing? (10 Marks)

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**Q3.** Explain stages of Infrastructure Projects as per SBP's (IPF) Prudential Regulations for Infrastructure Project Financing. (10 Marks)

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Lined area for writing answers, consisting of multiple horizontal lines.

Q4. List the pros and cons of using Net Present Value method for evaluation of investments. (5 Marks)

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**Q5.** The existing cost card of product Y of ‘M’ Limited is as follows:

Selling price (per unit)	Rs. 35
Variable cost (per unit)	Rs. 20
Fixed cost	Rs. 35,000
Annual sales	10,000 units

‘M’ Limited is considering to revise its production method, which would reduce its variable cost by Rs. 5/- each. However, fixed cost would increase by 10%. The new improved product would be sold for Rs. 38/- each.

**Required:**

Determine the number of units ‘M’ Limited must sell under revised production method in order to achieve their existing profit. (5 Marks)

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