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1. **Introduction**
2. **Methodology**
3. **Results**
4. **Discussion**
5. **Conclusion**

1. Introduction

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QUESTION

1. A company is considering a new investment project. The project has a 5-year life and is expected to generate the following cash flows:

Year 0: -\$100,000
Year 1: \$30,000
Year 2: \$40,000
Year 3: \$50,000
Year 4: \$60,000
Year 5: \$70,000

The company's cost of capital is 10%. What is the NPV of the project?

2. A company is considering a new investment project. The project has a 5-year life and is expected to generate the following cash flows:

Year 0: -\$100,000
Year 1: \$30,000
Year 2: \$40,000
Year 3: \$50,000
Year 4: \$60,000
Year 5: \$70,000

The company's cost of capital is 10%. What is the IRR of the project?

3. A company is considering a new investment project. The project has a 5-year life and is expected to generate the following cash flows:

Year 0: -\$100,000
Year 1: \$30,000
Year 2: \$40,000
Year 3: \$50,000
Year 4: \$60,000
Year 5: \$70,000

The company's cost of capital is 10%. What is the payback period of the project?

4. A company is considering a new investment project. The project has a 5-year life and is expected to generate the following cash flows:

Year 0: -\$100,000
Year 1: \$30,000
Year 2: \$40,000
Year 3: \$50,000
Year 4: \$60,000
Year 5: \$70,000

The company's cost of capital is 10%. What is the profitability index of the project?

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1. **Introduction**

2. **Background**

3. **Methodology**

4. **Results**

5. **Conclusion**

6. **References**

7. **Appendix**

8. **Notes**

9. **Footnotes**

QUESTION

1. A company is considering a new investment project. The project requires an initial investment of \$100,000 and is expected to generate cash flows of \$30,000 per year for 5 years. The company's cost of capital is 10%.

2. The company is also considering a second investment project. This project requires an initial investment of \$150,000 and is expected to generate cash flows of \$40,000 per year for 5 years. The company's cost of capital is 10%.

3. The company has a limited budget of \$250,000 and must choose between the two projects. Which project should the company invest in?

4. Calculate the Net Present Value (NPV) for both projects. Which project has a higher NPV?

5. Calculate the Internal Rate of Return (IRR) for both projects. Which project has a higher IRR?

6. Explain the significance of NPV and IRR in capital budgeting.

7. Discuss the limitations of NPV and IRR.





1. **Introduction**

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6. **References**

7. **Appendix**

8. **Figure 1**

9. **Figure 2**

10. **Figure 3**

11. **Figure 4**

12. **Figure 5**

