

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%. Calculate the Net Present Value (NPV) of the project.

Year	Cash Flow	Discount Factor	Present Value
0	(\$100,000)	1.0000	(\$100,000)
1	\$30,000	0.9091	\$27,273
2	\$30,000	0.8264	\$24,792
3	\$30,000	0.7513	\$22,539
4	\$30,000	0.6830	\$20,490
5	\$30,000	0.6209	\$18,627
Total			(\$10,379)

2. 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%. Calculate the Internal Rate of Return (IRR) of the project.

3. 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%. Calculate the Payback Period of the project.

4. 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%. Calculate the Profitability Index (PI) of the project.

5. 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%. Calculate the Modified Internal Rate of Return (MIRR) of the project.

6. 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%. Calculate the Equivalent Annual Annuity (EAA) of the project.

Year	Cash Flow	Discount Factor	Present Value
0	(\$100,000)	1.0000	(\$100,000)
1	\$30,000	0.9091	\$27,273
2	\$30,000	0.8264	\$24,792
3	\$30,000	0.7513	\$22,539
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Total			(\$10,379)

7. 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%. Calculate the Weighted Average Cost of Capital (WACC) of the project.

8. 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%. Calculate the Sensitivity Analysis of the project.