

QUESTION 1

QUESTION 1: A company is considering two investment projects, A and B. The initial investment for both is \$100,000. The cash flows are as follows:

Year	Project A	Project B
0	-100,000	-100,000
1	30,000	40,000
2	40,000	50,000
3	50,000	60,000
4	60,000	70,000

Year	Project A	Project B
0	-100,000	-100,000
1	30,000	40,000
2	40,000	50,000
3	50,000	60,000
4	60,000	70,000