

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: Initial investment of \$100,000
Year 1: Cash flow of \$30,000
Year 2: Cash flow of \$40,000
Year 3: Cash flow of \$50,000
Year 4: Cash flow of \$60,000
Year 5: Cash flow of \$70,000

The company's cost of capital is 10%. Calculate the Net Present Value (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: Initial investment of \$100,000
Year 1: Cash flow of \$30,000
Year 2: Cash flow of \$40,000
Year 3: Cash flow of \$50,000
Year 4: Cash flow of \$60,000
Year 5: Cash flow of \$70,000

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 has a 5-year life and is expected to generate the following cash flows:

Year 0: Initial investment of \$100,000
Year 1: Cash flow of \$30,000
Year 2: Cash flow of \$40,000
Year 3: Cash flow of \$50,000
Year 4: Cash flow of \$60,000
Year 5: Cash flow of \$70,000

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 has a 5-year life and is expected to generate the following cash flows:

Year 0: Initial investment of \$100,000
Year 1: Cash flow of \$30,000
Year 2: Cash flow of \$40,000
Year 3: Cash flow of \$50,000
Year 4: Cash flow of \$60,000
Year 5: Cash flow of \$70,000

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 has a 5-year life and is expected to generate the following cash flows:

Year 0: Initial investment of \$100,000
Year 1: Cash flow of \$30,000
Year 2: Cash flow of \$40,000
Year 3: Cash flow of \$50,000
Year 4: Cash flow of \$60,000
Year 5: Cash flow of \$70,000

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 has a 5-year life and is expected to generate the following cash flows:

Year 0: Initial investment of \$100,000
Year 1: Cash flow of \$30,000
Year 2: Cash flow of \$40,000
Year 3: Cash flow of \$50,000
Year 4: Cash flow of \$60,000
Year 5: Cash flow of \$70,000

The company's cost of capital is 10%. Calculate the Equivalent Annual Annuity (EAA) of the project.

7. 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: Initial investment of \$100,000
Year 1: Cash flow of \$30,000
Year 2: Cash flow of \$40,000
Year 3: Cash flow of \$50,000
Year 4: Cash flow of \$60,000
Year 5: Cash flow of \$70,000

The company's cost of capital is 10%. Calculate the Weighted Average Cost of Capital (WACC) of the project.