

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	40,000	30,000
2	50,000	40,000
3	60,000	50,000
4	70,000	60,000

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