

QUESTION 1

1. A company is considering a new investment project. The project has a 5-year life and is expected to generate cash flows of \$100,000 per year. The initial investment is \$500,000. The company's cost of capital is 10%. What is the NPV of the project?

A. \$100,000
B. \$200,000
C. \$300,000
D. \$400,000

2. A company is considering a new investment project. The project has a 5-year life and is expected to generate cash flows of \$100,000 per year. The initial investment is \$500,000. The company's cost of capital is 10%. What is the IRR of the project?

A. 10%
B. 12%
C. 14%
D. 16%



QUESTION 2

1. A company is considering a new investment project. The project has a 5-year life and is expected to generate cash flows of \$100,000 per year. The initial investment is \$500,000. The company's cost of capital is 10%. What is the NPV of the project?

A. \$100,000
B. \$200,000
C. \$300,000
D. \$400,000

2. A company is considering a new investment project. The project has a 5-year life and is expected to generate cash flows of \$100,000 per year. The initial investment is \$500,000. The company's cost of capital is 10%. What is the IRR of the project?

A. 10%
B. 12%
C. 14%
D. 16%