

# Homework Week 1

Started: Mar 14 at 12:44am

## Quiz Instructions

Do the following homework problems based on Chapter 2.

Each question has a box at the end of the question. Type your answer in the box. When you are finished, click "Submit Quiz" at the end.



Question 1 1 pts

A four-year financial project has net cash flows of \$20,000, \$25,000, \$30,000, and \$50,000 in the next four years. It will cost \$75,307 to implement the project. If the required rate of return is 19%, conduct a discounted cash flow calculation to determine the NPV.

Enter your answer to the nearest dollar, but do not include the \$ sign.



Question 2 1 pts

What is the average rate of return for a project that costs \$210,000 to implement and has an average annual profit of \$32,000 for 10 years?

Answer to the nearest 0.1%, but do not include the % symbol.



Question 3 1 pts

You need to choose between two projects, Omega and Alpha, which must earn at least 18% on its investments. Given the information below, which project would you choose?

Year	Omega Inflow	Omega Outflow	Net CF	Alpha Inflow	Alpha Outflow	Net CF
0	0	209,604	-209,604	0	303,226	-303,226
1	0	190,000	-190,000	50,000	100,000	-50,000
2	150,000	0	150,000	150,000	0	150,000
3	220,000	30,000	190,000	250,000	50,000	200,000

4	215,000	0	215,000	250,000	0	250,000
5	205,000	30,000	175,000	200,000	50,000	150,000
6	197,000	0	197,000	180,000	0	180,000
7	100,000	30,000	70,000	120,000	30,000	90,000

Enter the NPV of the winning project to the nearest dollar. Do not include the \$ sign.



Question 4 2 pts

Use a weighted score model to choose between three methods (A,B,C) of financing the acquisition of a major competitor. The relative weights for each criterion are shown in the following table as are the scores for each location on each criterion. A score of 1 represents unfavorable, 2 satisfactory, and 3 favorable.

Category	Weight	A	B	C
Consulting costs	20	1	2	3
Acquisition time	20	2	3	1
Disruption	13	2	1	3
Cultural differences	10	3	3	2
Skill redundancies	10	2	1	1
Implementation risks	30	1	2	3
Infrastructure	10	2	2	2

What is the total weighted score of the winning method?

No new data to save. Last checked at 12:44am

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