

Resources: Microsoft[™] Excel[™], Capital Budgeting Decision Models Template

Calculate the following problems using Microsoft[®] Excel[®]:

- Calculate the NPV for each project and determine which project should be accepted.

	Project A	Project B	Project C	Project D
Initial Outlay	(105,000.00)	(99,000.00)	(110,000.00)	(85,000.00)
Inflow year 1	53,000.00	51,000.00	25,000.00	45,000.00
Inflow year 2	50,000.00	47,000.00	55,000.00	50,000.00
Inflow year 3	48,000.00	41,000.00	15,000.00	30,000.00
Inflow year 4	30,000.00	52,000.00	21,000.00	62,000.00
Inflow year 5	35,000.00	40,000.00	35,000.00	68,000.00
Rate	8%	11%	15%	17%

- Your company is considering three independent projects. Given the following cash flow information, calculate the payback period for each. If your company requires a three-year payback before an investment can be accepted, which project(s) would be accepted?

	Project D	Project E	Project F
Cost	181,000.00	231,000.00	110,000.00
Inflow year 1	53,000.00	51,000.00	28,000.00
Inflow year 2	50,000.00	87,000.00	58,000.00
Inflow year 3	48,000.00	41,000.00	24,000.00
Inflow year 4	30,000.00	52,000.00	9,000.00
Inflow year 5	24,000.00	40,000.00	35,000.00

- Using market value and book value (separately), find the adjusted WACC, using 35% tax rate.

Component	Balance Sheet Value	Market Value	Cost of Capital
Debt	5,000,000.00	6,850,000.00	9%
Preferred Stock	4,000,000.00	2,200,000.00	11%
Common Stock	2,000,000.00	5,600,000.00	13%

Click the Assignment Files tab to submit your assignment.