**FINANCIAL MANAGEMENT**

**ASSIGNMENT – 5**

**CAPITAL BUDEGETING**

1. State whether true or false. Give reasoning
   1. For some projects, the IRR does not exist. Here the NPV is positive at all rates. A company should always accept such a project
   2. A project can never have more than one IRR
2. What do we do in two projects when the IRR rule says accept project 1, but the NPV rule says accept project 2? Give an example to illustrate the point.
3. What are the basic issues with Capital Budgeting?