1. What is the maximum amount a firm should pay for a project that will return $15,000 annually for 5 years if the opportunity cost is 10%?

2. A project that requires an initial investment of $1000, and is expected to provide $700 in the following two years. Do you recommend this investment if the discount rate is 15%?

3. Which mutually exclusive project would you select, if both are priced at $1,000 and your required return is 15%: Project A with three annual cash flows of $1,000; or Project B, with 3 years of zero cash flow followed by 3 years of $1,500 annually?

4. What is the profitability index for a project costing $40,000 and returning $15,000 annually for 4 years at an opportunity cost of capital of 12%?

5. Calculate the payback period, NPV, and PI for a project with a $20,000 initial cost, cash inflows of $6,667 per year for 6 years, and a discount rate of 15%

6. If a project's IRR is 13% and the project provides annual cash flows of $15,000 for 4 years, how much did the project cost?

7. The following questions refer to the projects which can be seen below

Year	Project A	Project B
0	–$200	–$200
1	80	100
2	80	100
3	80	100
4	80	

A- If the opportunity cost of capital is 11%, which of these projects is worth pursuing?

B- Suppose that you can choose only one of these projects. Which would you choose? The discount rate is still 11%

C- If the opportunity cost of capital is 11 percent, what is the profitability index for each project? Does the profitability index rank the projects correctly?.

D- What is the payback period for each project?.

E- Which project would you choose if the opportunity cost of capital was 16%?

8. A proposed nuclear power plant will cost $2.2 billion to build and then will produce cash flows of $300 million a year for 15 years. After that period (in year 15), it must be decommissioned at a cost of $900 million. if the discount rate is 5%, should we build it? What if the discount rate is 18%?