



## QUESTION 2

Fuji software Inc. has the following mutually exclusive projects.

Year	Project A	Project B
0	-\$10,000	-\$12,000
1	\$6,500	\$7,000
2	\$4,000	\$4,000
3	\$1,800	\$5,000

**2a)** Calculate the payback period for the two projects and advise the company accordingly.

**7 Marks**

**2b)** Suppose Fuji uses the NPV to rank these two projects, which project should be chosen if the appropriate discount rate is 15%

**8 Marks**

## QUESTION 3

**3.** List and Explain properly 6 factors that influence working capital needs of firms. **15 Marks**

## QUESTION 4

**4a)** What are the steps in strategic financial decision-making?

**6 marks**

**4b)** In resolving the issue of risk and uncertainty, various techniques are applied to analyse their effect on capital investment decisions. List the techniques applied.

## QUESTION 5

**5a)** State 6 approaches used to determine the mix of short-term and long-term sources in financing current assets of a firm?

**6 Marks**

**5b)** List 6 qualitative factors to be considered in capital investment decisions. **9 Marks**

## QUESTION 6

**6a)** List 5 factors to be considered when raising finance through the issue of loan stock

**6 Marks**

**6b)** State 5 advantages of convertible loan stock to the company?

**10 Marks**