A shellfish processing company is thinking about purchasing a new clam digger for $14,000. The expected net cash flows resulting from the digger are $9,000 in year 1, $7,000 in the 2nd year, $5,000 in the 3rd year, and $3,000 in the 4th year. Should the company purchase this digger if its cost of capital is 12 percent? In providing your answer, you must present the NPV along with your decision to accept/reject.

What is the internal rate of return for a project that has a net investment of $60,000 and the following net cash flows: Year 1 = $15,000; Year 2 = $20,000; Year 3 = $25,000; Year 4 = $30,000?

A CFO is considering a project that has the following cash flow and WACC data. What is the project's MIRR? Note that a project's projected MIRR can be less than the WACC (and even negative), in which case it will be rejected. The firm’s WACC is 10%.

Project A

Year Cash Flow

0 -$800

1 350

2 350

3 350

Shannon Industries is considering a project which has the following cash flows:

Year Cash Flow

0 ?

1 $2,000

2 3,000

3 3,000

4 1,500

The project has a payback of 2.5 years. The firm’s cost of capital is 12 percent. What is the project’s net present value NPV?

The Seattle Corporation has been presented with an investment opportunity which will yield end-of-year cash flows of $30,000 per year in Years 1 through 4, $35,000 per year in Years 5 through 9, and $40,000 in Year 10. This investment will cost the firm $150,000 today, and the firm's cost of capital is 10 percent. What is the NPV for this investment? Now assume the Federal Reserve takes actions which increases interest rates and therefore impacts the firm’s WACC. If the new WACC for Seattle Corporation becomes 14 percent By how much did the change in the WACC affect the project's forecasted NPV? That is, find the ΔNPV resulting from the Federal Reserve actions.