

Use the following data to for 1,2,3 4,5 below:

Undiscounted	
<u>Year</u>	<u>Free cash flows</u>
0	(350,000)
1	10,000
2	40,000
3	80,000
4	100,000
5	120,000
6	80,000
7	100,000

Required rate of return = 8%

- The payback period is:
 - 4 years
 - 3 years
 - 6 years
 - 5 years
 - None is within 0.5 years of the correct answer. (Provide the answer)
- The discounted payback period is closest to:
 - 4.5 years
 - 3.3 years
 - 6.6 years
 - 5.2 years
 - None is within 0.5 years of the correct answer. . (Provide the answer)
- The net present value (rounded to the nearest dollar) is:
 - \$360
 - \$371,000
 - \$280
 - \$21,000
 - None is within \$500 of the correct answer. (Provide the answer)
- The profitability index is within .05 of:
 - 2.06
 - 2.20
 - 2.10
 - 0.25
 - None of the above is within .05 of the correct answer. (Provide the answer)
- The internal rate of return (rounded to the nearest half percent) is:
 - 8.5%
 - 9.5%
 - 15 %
 - 5%
 - None is within 0.5% of the correct answer. (Provide the answer)