Dream Inc. is considering two projects with the following after-tax cash flows

|  |  |  |
| --- | --- | --- |
| Expected net cash flows | | |
| Time | Project A | Project B |
| 0 | ($30) | ($30) |
| 1 | $5 | $20 |
| 2 | $10 | $10 |
| 3 | $15 | $8 |
| 4 | $20 | $6 |

Either venture would be funded with 40% equity and 60% debt. The cost of debt is 8%. The company has a beta of 1.5, the risk-free rate is 4% and the market returns is 14%. with a 40% tax rate, analyze the project using payback, discounted payback, NPV, IRR and MIRR. Should the firm undertake the ventures if they are independent of one another? What if they are mutually exclusive? Explain.