

# CFA® SAMPLE QUESTION - LEVEL I

## Corporate Finance

**Q:** Which of the following statements about the discounted payback period is least accurate?

The discounted payback:

**CORRECT ANSWER:**

**Ⓒ period is generally shorter than the regular payback.**

The discounted payback period calculates the present value of the future cash flows.

Because these present values will be less than the actual cash flows, (that is why we call this method as "discounted payback") it will take a longer time period to recover the original investment amount.



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