

CFA® SAMPLE QUESTION – LEVEL I

Corporate Finance

Q: An analyst has gathered the following information about two projects, each with a 12% required rate of return:

	Project A	Project B
Initial Cost	\$15,000	\$20,000
Life	5 Years	4 Years
Cash Inflows	\$5,000 per Year	\$7,500 per Year

If the projects are mutually exclusive, the company should:

- (a)** reject both projects.
- (b)** accept Project A and reject Project B.
- (c)** reject Project A and accept Project B.



CFA Society Hong Kong
Candidate Services

