

CFA® SAMPLE QUESTION - LEVEL I

Corporate Finance

- Q:** As a corporate finance manager, you are evaluating two mutually exclusive projects of the same risk class, Project A and Project B. Both will have the same initial cash outflow and both have positive NPVs. Which of the following is the reason to choose Project A instead of Project B.
- a** Project B has a lower accounting rate of return than Project A.
 - b** Project A has both a shorter payback period and a shorter discounted payback period compared to Project B.
 - c** Project B has a lower profitability index than Project A.



CFA Society Hong Kong
Candidate Services

