Q1



1. What is the net working capital for 2011?
2. What is the change in networking capital from 2010 to 2011?
3. What is the net capital spending for 2011?
4. What is the Free-Cash Flows?

Q2) Atlas Insurance wants to sell you an annuity which will pay you $1,600 per quarter for 25 years. You want to earn a minimum rate of return of 6.5 percent. What is the most you are willing to pay as a lump sum today to buy this annuity?

Q3) Your insurance agent is trying to sell you an annuity that costs $230,000 today. By buying this annuity, your agent promises that you will receive payments of $1,225 a month for the next 30 years. What is the rate of return on this investment?

Q4) The common stock of Auto Deliveries sells for $28.16 a share. The stock is expected to pay $1.35 per share next year when the annual dividend is distributed. The firm has established a pattern of increasing its dividends by 3 percent annually and expects to continue doing so. What is the market rate of return on this stock?

Q5) What is the net present value (and IRR) of a project that has an initial cash outflow of $34,900 and the following cash inflows? The required return is 15.35 percent.

 