Note: If the question in the video is labeled with a number, i.e. 1,2,3, please ignore. Questions are labeled in the playlist by number and are in the same order in this pdf.

1. David's company is considering the acquisition of a machine which belongs to a class with CCA rate of 51%. The cost of the machine is $1,396,000. The expected economic life is 8 years. Salvage value is $227,000. The discount rate is 7.90% and the marginal tax rate is 30%. Assume the half-year rule applies. What is the CCA tax shield for year 2?
a. $312,006
b. $530,410
c. $348,860
d. $104,658
e. $159,123

2. The Koi Koi Company has $1,259,000 profit before tax, annual depreciation expense of $527,000 and a marginal tax rate of 35%. Calculate its cash flow from operations.
a. $1,160,900
b. $1,601,550
c. $1,002,800
d. $1,786,000
e. $1,345,350

3. Alpha Corporation has just invested $1,200,000 in new equipment which has a useful life of 6 years and a salvage value of $200,000. The Corporation has a tax rate of 25% and the equipment falls into a 30% CCA class and the half-year rule applies. The new equipment would result in annual pre-tax savings of $350,000 in each of the 6 years starting in Year 1. The equipment requires an investment in working capital of $60,000 at t=0 which is fully recovered in Year 6. The company's cost of capital is 12%. What is the present value of the CCA tax shields over the project's life?
a. $221,767
b. $184,712
c. $258,597
d. $147,770
e. $295,539

4. A company has purchased a machine with a CCA rate of 20% (the half-year rule applies) at a cost of $773,000 and has a tax rate of 30%. By how much will NPV change if the company is able to obtain a $23,000 salvage value for its machine at the end of the project life in year 7? Assume a discount rate of 6.80%, and that all else remains the same.
a. $11,263
b. $16,689
c. $2,825
d. $14,512
e. $3,249

5. A firm has developed a product that has a 3-year life expectancy. The project will require an initial investment of $95,000 that will be depreciated straight-line to zero over the life of the product. The product can be sold for $50.0 per unit with a manufacturing cost of $15.0 per unit; any additional costs are fixed costs in the amount of $18,000 per year (excluding depreciation). The firm expects to sell 10,000 units of the product per year. What is the annual cash flow from operations? Assume a required rate of return of 9.0% and a corporate tax rate of 30%.
a. $264,067
b. $232,400
c. $241,900
d. $210,233
e. $219,733

6. ABC Corp. spends $618,000 on new machinery for a new project. The machine falls into a 25% CCA class (half-year rule applies) and has a 10-year useful life. The company expects to use the machine for two years and then sell it for $X, which is equivalent to the remaining UCC (undepreciated capital cost) at the end of year 2. What is $X?
a. $482,813
b. $473,156
c. $405,563
d. $347,625
e. $135,188

7. What is the amount of the annual depreciation tax shield for a firm with a net income of $754,000; depreciation expense of $35,300; and a marginal tax rate of 33%? (Assume that the half-year rule does not apply.)
a. $23,651
b. $35,300
c. $11,649
d. $9,708
e. $237,171

8. Mac Inc. is looking to acquire a new machine that will cost $100,000 and generate after-tax cash inflows of $35,000 for four years. Mac Inc. uses a 12 percent opportunity cost of capital. What is the NPV of the new machine?
A) $6,307.23
B) $6,007.23
C) $6,107.23
D) $6,070.23
E) $6,370.32

9. What is the amount of the operating cash flow for a firm with $500,000 profit before tax, $100,000 depreciation expense, and a 35 percent marginal tax rate?
A) $260,000
B) $325,000
C) $360,000
D) $425,000
E) $390,000

10. What is the present value of the incremental tax shields generated if a company purchases equipment to be used in business operations for $250,000 and the equipment has a CCA rate of 25%? You intend to sell the equipment in year 8 for a salvage value of $8,000. At the time of sale, you still anticipate having other assets in the class. The tax rate is 35% and the company uses a 12% rate of return.
A) $55,109
B) $55,190
C) $55,900
D) $56,718
E) $55,954

11. What is the cash flow from operations if a project generates revenues of $1000, cash expenses of $600 and depreciation charges of $200 and the tax rate is 35%?
A) $300
B) $230
C) $260
D) $540
E) $330

Johnson & Johnson acquires a depreciable asset at a cost of $730,000 that has a useful life of 5 years and a salvage value of $100,000. The company has a tax rate of 30% and the asset falls into a 12% CCA class. The acquisition of the asset would result in annual pre-tax savings of $275,000 in each of the 5 years starting in year 1. The acquisition of the asset requires an investment in working capital of $32,500 at t=0 which is fully recovered in year 5. The company is required to earn a minimum rate of return of 10%.

12. What is the CCA in Year 2?
A) $186,150
B) $ 87,600
C) $ 43,800
D) $ 77,088
E) $ 82,344

13. What is the Present Value of CCA Tax Shield?
A) $185,922.57
B) $14,776.74
C) $114,024.49
D) $103,864.26
E) $86,083.33

14. What is the asset's Net Present Value?
A) $666,804.23
B) $823,173.32
C) $153,362.79
D) $298,327.86
E) $273,101.85

15. Calculate the annual cash flow from operations for a project with sales of 5 million units at a price of $2 per unit, variable cost of $0.75, annual fixed cost (excluding depreciation) of $3 million and annual depreciation of $2 million. Assume the corporate tax rate is 30%.
A) $ 3,875,000
B) $ 375,000
C) $ 875,000
D) $ 1,250,000
E) $2,875,000

16. Tanga Corp. has developed a product that has a 3 year life expectancy. The project will require an initial investment of $60,000 that will be depreciated straight line to zero over the life of the product. The product can be sold for $20/unit with a manufacturing cost of $10/unit; any additional costs are fixed costs in amount of $30,000 per year. If Tanga expects to sell 7,000 units per year, what is the cash flow from operations in the 3rd year, assuming a required return of 12% and a corporate tax rate of 30%?
A) $17,000
B) $20,000
C) $34,000
D) $48,000
E) $55,000