**CORPORATE FINANCE**

**Learning Outcome 4: ACTIVITY 3**

## **Evaluation of investment appraisal techniques**

Businesses tend to use more than one investment appraisal technique. There is no ‘best’ technique. The selection of an investment appraisal technique needs to reflect the needs of the business.

#### Required: in small groups

Using the business that you chose for earlier Activities:

1. Reflect on the nature and characteristics of the investment appraisal techniques that you identified in LO4 Activity 2:
   1. Payback
   2. Accounting rate of return
   3. Net present value
   4. Internal rate of return
2. Identify and explain the advantages and disadvantages of each of the investment appraisal techniques that you considered in (1).
3. Consider your chosen business. Identify and justify which investment appraisal technique might be most suitable for use by your chosen business.
4. Prepare a short presentation on your findings.