Order #721908

Topic:

TMA02

Description Question 2 \* a.Evaluate the proposal to move the manufacturing facility from China to Mexico (Appendix 6), using NPV analysis.(25 marks) \* b.Discuss the foreign exchange risk associated with the project.(12 marks) \* c.Evaluate the decision to use the overall Group cost of capital for the NPV analysis.(10 marks) Marks will also be awarded for report format and correct use of referencing. (3 marks) Total: 50 marks Suggested word count is up to 800 words. Question 2a) Evaluate the proposal to move the manufacturing facility from China to Mexico (Appendix 6), using NPV analysis. The main source is Unit 4, Session 1, 2 (NPV, Project Risk), Session 9 (Project Risk). Unit 4 (titled Unit 4 Book), there you can find all the sessions referred to for this Question.You may find the following video useful. The video may help you with developing an appropriate Excel spreadsheet for your answer: https://learn2.open.ac.uk/mod/oucontent/view.php?id=1648731This question is specifically asking you to evaluate the proposal to move the manufacturing facility from China to Mexico (Appendix 6), using NPV analysis. Make sure you explain the assumptions you make in computing your investment appraisal. You are also required to discuss the non-financial considerations that need to be factored into the decision-making process. b) Discuss the foreign exchange risk associated with the project.The main source is Unit 3 Session 6The Group is engaged in overseas trade as well as having subsidiaries based overseas. This question requires you to evaluate foreign exchange risk in detail and how it directly impacts the Group (see Appendix 9 for example, but you do not need to include any calculations as part of your answer). Furthermore, Part (b) of the question requires students to provide detailed analyses of the options that can be used to manage currency risk. You are expected to apply the relevant points covered in Unit 3, Session 6 and logically apply them to the case study.c) Evaluate the decision to use the overall Group cost of capital for the NPV analysis.The main source material is Unit 3, Session 2/3 and Unit 4Part (c) requires you to discuss and compare the Group’s cost of capital and a standard cost of capital for large projects. You may wish to discuss the implications of using the same cost of capital for projects with different risk.Note that questions require to evaluate and make recommendations. Both of these activities involve taking a critical stance when considering alternative recommendations and carrying out the evaluation. Being critical involves thinking about both the strengths/ advantages and weaknesses/ disadvantages of your own ideas and the ideas presented in the case study. So, make sure you critically evaluate and logically reflect on issues highlighted in the case study.Think of the material in your Units as ‘best practice’; you can use the relevant Unit’s concepts and ideas as evidence in your case study analysis to support your recommendations and evaluation. The post Evaluate the three debt finance proposals outlined in Appendix Five and recommend which should be chosen. appeared first on Accredited Research Writers.