

Solutions

2.1 Net cash flow=receipts–payments=2,800–3,600=–800 units. Closing cash=opening cash+net cash flow=1,500–800=700 units. An immediate 900-unit purchase creates a 200-unit cash gap unless other timings or finance change. Forecast later receipts, consider staged purchase or suitable finance and compare repayment with expected benefits. A positive accounting profit cannot resolve this timing gap. Authored points for identifying relevant evidence, explaining a supported inference and a material limit.

3.1 Payback indicates recovery time and liquidity exposure but ignores later flows and, in its simple form, time value. Compare relevant appraisal measures, forecast reliability, finance and strategic fit. Neither larger total cash nor quicker recovery alone decides every context. Authored points for a relevant judgement, reason tied to the case and justified qualification or method. Accept a supported alternative.