

4 (a) Explain **two** cash inflows and **two** cash outflows that are likely to be included in CR's cash flow forecast for its first year of trading.

Cash inflow 1:

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Cash inflow 2:

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Cash outflow 1:

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Cash outflow 2:

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(b) Using Appendix 3 and other information, consider the effects on CR of the decrease in taxes and the increase in interest rates in country P. Which change is likely to have the greatest effect on CR's profit in its first year? Justify your answer.

Decrease in taxes:

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Increase in interest rates:

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Conclusion:

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[12]