

The discount rate used by Edgar Wallis Ltd is 5%, as shown in the table below.

Table 3

Year	Present Value of £1 at 5%
1	£0.95
2	£0.90
3	£0.86
4	£0.82
5	£0.78

Using the payback and net present value methods of investment appraisal, **and** the other information provided, advise the company as to whether it should buy a new lorry or upgrade the warehouse.

[12]

### SECTION B

*Answer one of the following questions.*

5. "An effective marketing strategy is more important to a business than the motivation of its employees." Discuss. [20]
6. To what extent do you agree that the best way to understand the performance of a business is to analyse its financial accounts? [20]
7. Assess the view that globalisation poses more threats to the majority of UK businesses than opportunities. [20]