Kentuck Global Inc. is considering investing in a project that requires a new factory building and purchase of new machinery which will cost $10M and $15M respectively. the land for project is estimated to cost $3.6M. The factory building and machinery will be depreciated using a straight-line method at 10% per annum. The company estimates that it will cost $80 to produce a unit of its products which will sell for $150 each. The annual fixed costs are estimated to be $1.5M. The unit sales are expected to be 1,000,000 each year for 5 years, after which the project will be closed. the factory building and machinery are expected to be disposed at the end of the project at a price of $6M. Additional working capital of $2M will be injected to support the project with non-recovered at the end. The company pays corporation tax of 30% and has a required rate of return of 11%. The company has asked you to advice on the risks of the project and wishes to understand the impact on the viability of the project if;

1. The unit cost of production increased by 70%.
2. The annual unit sales declined by 35%
3. The company’s unit cost of production increased by 35%, while unit sales and selling price both declined by 20%.