UNIVERSITI TEKNIKAL MALAYSIA MELAKA

FACULTY OF INFORMATION & COMMUNICATION TECHNOLOGY

SEMESTER 1 SESSION 2020/2021

BITI3533 ARTIFICIAL INTELIGENCE PROJECT MANAGEMENT

FIRE DETECTION USING COMPUTER VISION

CALCULATE NET PRESENT VALUE (NPV)

Prepared for:

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Overview

Net present value (NPV) analysis is a method of calculating the expected net monetary gain or loss from a project by discounting all expected future cash inflows and outflows to the present point in time. Projects with a positive NPV should be considered if financial value is a key criterion because that means the return from a project exceeds the cost of capital (the return available by investing the capital elsewhere). The higher the NPV, the better.

Based on the lecture 4 notes on calculating NPV, find a case study and show in Excel how to calculate a NPV from a project management perspective.

		2020	2021	2022	2023	2024	2025	2026
			FUSION TECH SDN BHD					
			CALCULATE NET PRESENT VALUE (NPV) FOR INVESTMENT					
		2020	2021	2022	2023	2024	2025	2026
		Actuals	Plan	Plan	Plan	Plan	Plan	Plan
		Investment						
Cash Flows	Total	($3,000,000)	$250,000	$395,000	$405,750	$450,500	$500,200	$6,635,605
Discounted Rate (Risk)	10%							
NPV (Manual)	$ 2,786,167.77		$ 80,646.16	$ 127,421.35	$ 130,890.10	$ 145,326.58	$161,359.84	$ 2,140,523.74
NPV (Formula)	$5,222,473.43							
The higher the VPN, the better	$ 2,222,473.43							
Means the return from a project	79.77%				ACCEPTED			
exceeds the cost of capital								