1. You take an insurance product where you make annual payments of Ksh. 60,000.00. You could also have invested in the government of Kenya 20 year Treasury bonds with a coupon of 10%. What will be the value of your investment after 20 years if:
   1. Payments are made at the end of the year?
   2. Payments are made at the start of the year? (This is an annuity due).
2. You have invested in a project that in your estimate will generate the following cash flows over its life.

|  |  |
| --- | --- |
| Year | Cash inflow/ outflow Estimates(Ksh. Millions) |
| 0 | -1 |
| 1 | 0.05 |
| 2 | 0.02 |
| 3 | 0.1 |
| 4 | 0.1 |
| 5 | 0.1 |
| 6 | 0.1 |

Required:

1. Calculate the net present value of the investment, given That the opportunity cost of capital is 12%.
2. Would you invest in this project? Explain.

**Problem signature:**

Problem Event Name: Blue Screen

OS Version: 6.1.7600.2.0.0.256.48

Locale ID: 1033

**Additional information about the problem:**

BCCode: d1

BCP1: 00000004

BCP2: 00000002

BCP3: 00000000

BCP4: 8F247E51

OS Version: 6\_1\_7600

Service Pack: 0\_0

Product: 256\_1

**Files that help describe the problem:**

C:\Windows\Minidump\020411-23181-01.dmp

C:\Users\User\AppData\Local\Temp\WER-52431-0.sysdata.xml

**Read our privacy statement online:**

http://go.microsoft.com/fwlink/?linkid=104288&clcid=0x0409

If the online privacy statement is not available, please read our privacy statement offline:

C:\Windows\system32\en-US\erofflps.txt