

In-class Exercise 1

An investment project provides cash inflows of \$765 per year for eight years.

What is the project payback period if the initial cost is \$1800?

In-class Exercise 2

Year	Cash Flow
0	-\$30000
1	\$16000
2	\$20000
3	\$15000

For the cash flows as the above, suppose the firm uses the NPV decision rule.

At a required return of 11 percent, should the firm accept this project?