

(a) Net Present Value

Year	Cash flow	PV @ 10%	PV
0	(700)	1.00	(700)
1	(410)	0.909	(373)
2	291	0.826	240
3	1,364	0.751	1,024
4	1,765	0.683	1,205
5	2,198	0.621	1,365
			2,761,000

(b) Simple Payback

Time	Annual Cash Flows	CCI
0	(700)	(700)
1	(410)	(1110)
2	291	(819)
3	1364	545
4	1765	2320
5	2198	4508

$$PBP = 2 + \frac{819}{1364}$$

2.60 years



Date \_\_\_\_\_

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## c) Discounted Payback Period

Time	Pv of annual CF	CPV
0	(700)	(700)
1	(373)	(1,073)
2	240	(833)
3	1,024	191
4	1,205	1,396
5	1,365	2,761

$$2 \text{ years} + \frac{833}{1024}$$

2.81