

## 3.8 Investment appraisal

# Checklist

## What you should know

By the end of this subtopic, you should be able to:

- define the following terms: (AO1)
  - payback period
  - average rate of return
  - net present value
  - discount rate
- calculate, compare and evaluate investment opportunities using the payback period (AO3, AO4)
- calculate, compare and evaluate investment opportunities using the average rate of return (ARR) (AO3, AO4)
- calculate, compare and evaluate investment opportunities using the net present value (NPV) (AO3, AO4)

