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Question 1

a) Payback for Supernatant

|   |         |        |                     |
|---|---------|--------|---------------------|
| 0 | 200,000 |        |                     |
| 1 | 20,000  |        |                     |
| 2 | 40,000  | 60,000 |                     |
| 3 | 60,000  | 60,000 |                     |
| 4 | 60,000  | 60,000 | 4 years 180,000     |
| 5 | 60,000  |        | plus another 20,000 |

$$60,000 \div 12 = 5,000$$
$$\therefore 20,000 \div 5 = 4$$

So payback is 4 years + 4 months

• Payback for Fuge 41

|   |         |  |  |
|---|---------|--|--|
| 0 | 200,000 |  |  |
| 1 | 80,000  |  |  |
| 2 | 60,000  |  |  |
| 3 | 60,000  |  |  |
| 4 | 40,000  |  |  |
| 5 | 40,000  |  |  |

$80,000 + 60,000 + 60,000 = 200,000$

So payback is 3 years