

Payback for Centre 4

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0	200,000	
1	60,000	$60,000 + 60,000 + 60,000$ $= 180,000$ 3 years plus another 20,000
2	60,000	
3	60,000	
4	60,000	
5	60,000	

$$60,000 \div 12 = 5,000$$

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

So payback is 3 years + 4 months

b) Net present value with 10%

Supernatant

200,000	1.00	200,000
20,000	0.9091	18,182
40,000	0.8264	33,056
60,000	0.7513	45,078
60,000	0.6830	40,980
60,000	0.6210	37,260
		<u>174,556</u>

~~NPV = 200,000 - 174,556~~
~~= 25,444~~

$$NPV \quad 174,556 - 200,000$$

$$= -25,444$$