

Joseph
Charland

b) Supernatant

			Discount Factor 10%	
0	(200,000)	x	1	= (200,000)
1	20,000	x	0.9091	= 18,182
2	40,000	x	0.8264	= 33,056
3	60,000	x	0.7513	= 45,078
4	60,000	x	0.6830	= 40,980
5	60,000	x	0.6210	= 37,260

Total income = £174,556

Total profit/returns = 174,556 - 200,000
= £-25,444

Fuge 41

10%

			10%	
0	(200,000)	x	1	= (200,000)
1	80,000	x	0.9091	= 72,728
2	60,000	x	0.8264	= 49,584
3	60,000	x	0.7513	= 45,078
4	40,000	x	0.6830	= 27,320
5	40,000	x	0.6210	= 24,840

Total income = £219,550

Total profit = 219,550 - 200,000
= £19,550