

Project Centre 4

Year	CASH FLOW	Discount factor	Present value
0	(£200,000)	1.000	(£200,000)
1	£60,000	0.9091	£54,546
2	£60,000	0.8264	£49,584
3	£60,000	0.7513	£45,078
4	£60,000	0.6830	£40,980
5	£60,000	0.6210	£37,260

TOTAL CASH FLOW = £227,448

$$NPV = £227,448 - £200,000$$

$$NPV = £27,448$$

c) Evaluate which project is the best option for the company to follow.

~~Fuge pro~~

Project Fuge 41 provides the quickest payback and therefore gives the quickest return on the initial investment. However, Project Centre 4 provides a better return on capital overtime and pays back in 3 years and 4 months, only 4 months longer than Project Fuge 41. For this reason I believe that ~~cen~~ Project Centre 4 is the best option for the company to follow.