

Yr	Fuge 41 Net cash flow
0	(£200000)
1	(£80000)
2	(£60000)
3	(£60000)
4	(£40000)
5	(£40000)

Cash flow
-£200000
-£80000
-£60000
0
+£40000
+£80000

payback works at exactly 3 years

Centre 4

Yr	Net cash flow
0	(£200000)
1	(£60000)
2	(£60000)
3	(£60000)
4	(£60000)
5	(£60000)

Cash flow
-£200000
-£140000
-£80000
-£20000
+£40000
+£100000

payback = 3 years ? months

Calculation of month = $\frac{\text{income required}}{\text{contribution per month}}$

Contribution per month = $\frac{£60000}{12 \text{ months}} = £5000$

Calculation of month for payback = $\frac{£40000}{£5000} = 8 \text{ months}$

payback = 3 years and 8 months