

Centre 4			Present value
Yr	cash flow	Discount	
0	(£200000)		£200000
1	(£60000)	X Simp as over	£54546
2	(£60000)		£49584
3	(£60000)		£45078
4	(£60000)		£40980
5	(£60000)		£37260
Total cash flow			= £227448

$$\text{Net present value} = £227448 - £200000 = £27448$$

c) Judging from the calculation on the above options the best one to go for is the centre 4 option. as the pay back is 3 years and 8 months which is longer than the Fuge 41 but the centre 4 gives us the a better return on capital overtime.

d) Factor 1

- External Factors :- exchange rates for different countries, interest rates can fluxrate overtime, level of inflation can change, government policies.

Factor 2

- Reasons for investment - The need to grow the business due to pressure from competitors and to also comply with businesses legislation.