

Joseph
Harland

Centre 4

10%

0	(200,000)	$\times 1$	= (200,000)
1	60,000	$\times 0.9091$	= 54,546
2	60,000	$\times 0.8264$	= 49,584
3	60,000	$\times 0.7513$	= 45,078
4	60,000	$\times 0.6830$	= 40,980
5	60,000	$\times 0.6210$	= 37,260

Total income = £227,448

Total profit = 227,448 - 200,000
= £27,448

c) I believe Centre 4 is the best option for the companies project as it has the best capital return ~~of~~ over the 5 year period and the most consistent return per annum

d) • Motives for investment such as change in technology and a need to grow the business in order to stay competitive should be considered

• Business confidence - such as capacity levels versus predicted capacity levels and profits before versus predicted profits after investment should be considered