

Net present value – activity model answer

Project: The Village Quarter

A	B	C	D	E	F
Year	Income	Expenditure	Net cash flow (B-C)	Discount factors @ 8%	Discounted net cash flow
0		693	-693	1.000	-693.00
1	900	529	371	0.926	343.55
2	954	550	404	0.857	346.23
3	1,011	572	439	0.794	348.57
4	1,071	595	476	0.735	349.86
5	1,136	619	517	0.681	352.08
				NPV =	1,047.28