

Project Appraisal Exercise - Solution

Items	0	1	2	3	4	5
1. Net Benefits	-5,000	-2,121	+2,247	+3,571	+2,525	+1,339
2. Discount Factor at 6% (=1/(1+r)^t)	1.000	0.943	0.890	0.840	0.792	0.747
3. Present values (=2*1)	-5,000	-2,000	+2,000	+3,000	+2,000	+1,000
4. Net Present Value	1,000					