

NPV Example 2

Company:	Harborside Hospital	Expected net cash inflows:
Asset cost:	1,250,000	Year 1 300,000
Residual value:	20,000	Year 2 300,000
Useful life:	6 years	Year 3 250,000
Minimum RRR:	10%	Year 4 300,000
Depreciation method:	straight-line	Year 5 250,000
Income tax rate:	--	Year 6 300,000

Year	Cashflows	PV factor	Present Value

