NPV Example 3

Company:	Bayside Manufacturing	Expected net cash inflows:	
Asset cost:	1,000,000	Year 1	300,000
Residual value:	100,000	Year 2	350,000
Useful life:	4 years	Year 3	400,000
Minimum RRR:	9%	Year 4	450,000
Depreciation method:	straight-line		
Income tax rate:	20%		

Year	Cashflows	PV factor	Present Value