

QUESTION 2 & ANSWER

QUESTION: A company is considering a new investment project. The project has a 5-year life and requires an initial investment of \$100,000. The project is expected to generate cash flows of \$25,000 per year for the first 3 years and \$30,000 per year for the last 2 years. The company's cost of capital is 10%. What is the NPV of the project?

