

### QUESTION

The following information is taken from the financial statements of ABC Company for the year ended 31/12/2020:

Particulars	Amount (£)
Share Capital	100,000
Reserves	200,000
Fixed Assets	300,000
Current Assets	100,000
Current Liabilities	50,000

ABC Company is a public limited company. The company is considering a new investment project which requires an initial outlay of £150,000. The project is expected to generate a net cash inflow of £50,000 per year for the next 5 years. The company's cost of capital is 10%.

### REQUIRED

- Calculate the net present value of the investment project.
- Calculate the payback period of the investment project.
- Calculate the internal rate of return of the investment project.

NOTE: You should assume that the cash flows are received at the end of each year.

MARKS: 10

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