1. **Calculate the Payback and ARR and for A and B**
2. **Calculate the NPV for A and B (DR of 5% for A and DR of 3% for B)**

**PROJECT A**

**Net Cash Flow Cumulative NCF**

Year 0 (£10000) ?

Year 1 5000 ?

Year 2 5000 ?

Year 3 3000 ?

Year 4 1000 ?

**Total Return ? 4000**

**PROJECT B**

**Net Cash Flow Cumulative NCF**

Year 0 (£10000) ?

Year 1 5000 ?

Year 2 4000 ?

Year 3 3000 ?

Year 4 3000 ?

**Total Return ? 5000**

Challenge: Which project would you **recommend** and state **why**?

Super Challenge: **Describe** how the **DF** may have been determined for each project.

Turbo Challenge: **Evaluate** the extent to which investment appraisal is **objective** i.e. not based on qualitative factors.