

Intro to
Finance 3110: Corporate Finance Yr
200 craks/yr \$400/crate 1-10
\$500/crate 11-20

$$ATSV = 50 = (50 - 150) \cdot 3$$

$$NCF_{20} = 108,300$$

$$NPV = -2,160 < 0 \text{ Rej}$$

$$IRR = < 13\%$$

T=0 / CF=0
NIINV

(150,000) Land

(20,000) Packing Equip / 20yr SL Dep. = 1000 depr/yr SV=0

(170,000) Total Initial Outlay

Cash Outflow

	0	1-10	11-19	20
Rev	—	\$80,000 (200 * 400)	\$100,000 (500 * 200)	\$100,000
- Exp	—	50,000	60,000	66,000
gross Profit	—	30,000	40,000	40,000
- Depreciation	—	-1000	-1000	-1000
EBT	—	29,000	39,000	39,000
- Taxes (30%)	—	8700	11,700	11,700
EAT	—	20,300	27,300	27,300
+ Depreciation	—	1000	1000	1000
FCF	(170,000)	21,300	28,300	28,300

Sale Price for Land: $150,000 (1.05)^{20} = \$397,950$

AT-Land Value
323,565

$$ATSV = SP - (SP - BV) T$$

$$= 397,950 - (397,950 - 150,000) \cdot 30$$

$$= 397,950 - 74,385$$

$$= \$323,565$$

351,965

TI

HP

DF

$$CF_0 = -170,000$$

NPV

$$CF_0 = -170,000 \text{ I/YR} =$$

$$-170,000$$

$$CF_1 = 21,300$$

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$$CF_1 = 21,300 \text{ 13\%}$$

$$21,300 (PVOA_{10, 13\%})$$

$$FO_1 = 10$$

I=13%

$$N_j = 10$$

$$PVOA_9, 13\%$$

$$CF_2 = 28,300$$

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$$CF_2 = 28,300$$

$$PV - SCF_{20, 13\%}$$

$$FO_2 = 9$$

CPT

$$N_i = 9$$

$$CF_3 = 351,965$$

$$IRR = > 13\%$$

$$NPV = \$19,031 > 0$$