**Question #1:**

Consider a project that requires an initial investment of $50,000 in year 0. It has a duration of 4 years. For year 1 to year 4, the labor cost and materials cost are $10,000 per year and $5,000 per year, respectively. And the annual benefit is $25,000 from year 1 to year 4. The company has a DR value of 10%.

1. **What is the payback period for this project? If the company’s required maximum payback period is 2 years, should this project be accepted?**
2. **Calculate the NPV for this project. Should this project be invested based on the NPV criterion?**
3. **Calculate the ROI for this project.**

**Question #2:**

**Using a discount factor of 8 percent, calculate the current value of an investment that is worth $20,000 two years from today.**

**Question #3:**

**As payment for programming services your consulting company provided, a client offers you two choices: (1) $10,000 now or (2) a share in the company, which you are fairly sure will be worth $15,500 four years from now. Using a discount**

**factor of 10 percent, which offer should you choose?**