IF YOU THINK THE BEST, YOU WILL NOT BE FAR WRONG

(INVESTMENT SELECTION CRITERIA – Pay-Back)

MASCAFÉ13 is having a great success with their coffee pods, so they are thinking about building a new plant to grind and pack coffee. Investment data are:

Initial outlay	30.000€
CF1	21.187,50€
CF2	13.062,50€
CF 3	30.562,50€
Market interest rate	6%

Calculate Pay-Back:

1º) Fill in the table

Year	CF	CF updated	CF acumulated	Initial Outlay
1				
2				
3				

2º) Calculate the rule of three to guess how many months

_______________ --------------------------- 12 months

_______________ --------------------------- X months

X = ________________________

3º) Indicate Pay-Back in years + months

Pay-Back = ________________

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