



$$\begin{aligned}
 \text{Cash inflows at the end of year 4} &= 60,000 \cdot (1 + 4\%) + 60,000 \\
 &= 62,400 + 60,000 \\
 &= 122,400
 \end{aligned}$$

$$\begin{aligned}
 \text{Cash inflows at time 0} &= 122,400 \cdot (1 + 5\%)^{-4} \\
 &= 100,698.7829
 \end{aligned}$$

$$\text{Cash outflows at time 0} = -100,000$$

$$\begin{aligned}
 \text{NPV} &= -100,000 + 100,698.7829 \\
 &= 698.7829 \\
 &\approx 699
 \end{aligned}$$

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