

EXERCISE FOR FINANCIAL MANAGEMENT:**For constant annual cash flows:**

A project requires an investment of Rs 75,000 and gives annual cash flow of Rs 15,000 for 10 years. Calculate the payback period.

Answer:

For unequal cash flows:

A project requires a cash outlay of Rs 50,000, and generates cash outflow of Rs 8,000, Rs 12,000, Rs 16,000, Rs 15,000 and Rs 17,000 during the next 4 years. Calculate the payback period.

Answer: