**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.**

**DC=discounted cost**

**DB=discounted benefit**

**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.**