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**due on Mon, 2016-07-25 00:00**

**Assignment for due excel sheet**

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“Do we have everything we need on sales and costs?” you ask. ”It must be time to compute the net present value (NPV) and internal rate of return (IRR) of the Apix expansion project.”

“We have the data from James and Luke regarding projected sales and costs, respectively, for the food packaging project,” says Mary. “It is feasible to project that we will receive a tax break from this implementation. I have information from our audit firm that indicates that future depreciation methods for taxes will be straight-line; however, the corporate rates will be reduced to 35% as we assumed in our weighted average cost of capital (WACC) calculation.”

“That sounds good,” you say.

“Right," says Mary. "You can use a WACC of 10% for the computation of the NPV and comparison for IRR."

“I’ve got the information I need from Luke and James,” you say. "Does this look right to you? Here’s what they gave me,” you say, as you hand a sheet of paper to Mary.

“Let’s look at this now while we’re together,” she says.

The information you hand to Mary shows the following:

* Initial investment outlay of $30 million, consisting of $25 million for equipment and $5 million for net working capital (NWC) (plastic substrate and ink inventory); NWC recoverable in terminal year
* Project and equipment life: 5 years
* Sales: $25 million per year for five years
* Assume gross margin of 60% (exclusive of depreciation)
* Depreciation: Straight-line for tax purposes
* Selling, general, and administrative expenses: 10% of sales
* Tax rate: 35%

You continue your conversation.

“It looks good,” says Mary. “Use this information from Luke and James to compute the cash flows for the project.”

“No problem,” you say.

“Then, compute NPV and IRR of the project using the [Excel spreadsheet](http://class.coloradotech.edu/CbFileShareCommon/ctu/FINC615/Assignment_Assets/FINC615%20NPV-IRR_IP_4.xls) I sent earlier today,” says Mary. “Use the IRR financial function for the computation of IRR.”

“Okay,” you say. "I’ll submit my Excel file showing the computation of cash flows, NPV, and IRR by the end of week so you can look at it over the weekend.”

“Thanks,” says Mary.

Complete the above worksheet for this assignment.