**CORPORATE FINANCE**

**Learning Outcome 4: ACTIVITY 6**

## **Modifications to the net present value technique**

#### The NPV technique of investment appraisal that was introduced in Chapter 4 was based on cash flows. Sometimes, the identification and calculation of cash flows is not straightforward.

#### Required: in small groups

Referring to the business that you’ve been using for earlier Activities:

1. Identify the factors that might need to be considered when applying the net present value technique.
2. Reflect on the circumstances of the case and the nature of the NPV technique. Consider if any of the factors that might lead to a need for modification apply.
3. Consider your chosen business and the factors that you identified in (1). Explain which of the factors might apply to your chosen business. Justify your explanation.
4. Prepare a short presentation on your findings.