

Year 1

Rate 0.05
NPV \$895.46

Year	Cashflow	Beg	Interest	Payment	End
1	-	895.46	44.77	-	940.23
2	-	940.23	47.01	-	987.24
3	-	987.24	49.36	-	1,036.61
4	-	1,036.61	51.83	-	1,088.44
5	-	1,088.44	54.42	-	1,142.86
6	1,200.00	1,142.86	57.14	- 1,200.00	-

Debit	Loan Receivable	895.46		Initial recognition of loan
Credit	Cash	-	895.46	Initial recognition of loan
Debit	Loan Receivable	44.77		Interest income
Credit	Interest Income	-	44.77	Interest income

Year 2

Rate 0.05
NPV \$948.67

Year	Cashflow	Beg	Interest	Payment	End
1	-	895.46	44.77	-	940.23
2	50.00	948.67	47.43	- 50.00	946.11
3	-	946.11	47.31	-	993.41
4	-	993.41	49.67	-	1,043.08
5	-	1,043.08	52.15	-	1,095.24
6	1,150.00	1,095.24	54.76	- 1,150.00	-

Debit	Loan Receivable	8.44		Revised loan receivable due to early payment
Credit	Gain on loan	-	8.44	Revised loan receivable due to early payment
Debit	Loan Receivable	47.43		Interest income
Credit	Interest Income	-	47.43	Interest income
Debit	Cash	50.00		Early payment
Credit	Loan Receivable	-	50.00	Early payment