

Problem 1.31

During a recession, the price of goods and services goes down because of low demand. A company that makes Ethernet adapters is planning to expand its production facility at a cost of \$1,000,000 one year from now. However, a contractor who needs work has offered to do the job for \$790,000 provided the company will do the expansion now instead of 1 year from now. If the interest rate is 10% per year, how much of a discount is the company receiving?