

Year	Flow System
0	-2,450,250
1	810,150
2	718,742
→ 3	687,543
4	554,358
5	935,521

$\Sigma$  cash flows

-2,450,250

-1,640,100 (-2,450,250 + 810,150)

-921,358 (-1,640,100 + 718,742)

-233,815

320,543

payback period = years before cost recovery +  $\frac{\text{remaining cost to recover}}{\text{cash flows during the year}}$

$$\text{payback period} = 3 + \frac{233,815}{554,358}$$

$$= 3.422 \text{ years}$$