IEGR 350: Engineering Economy
Spring 2016
M. Salimian **Your Name:**

Test 1

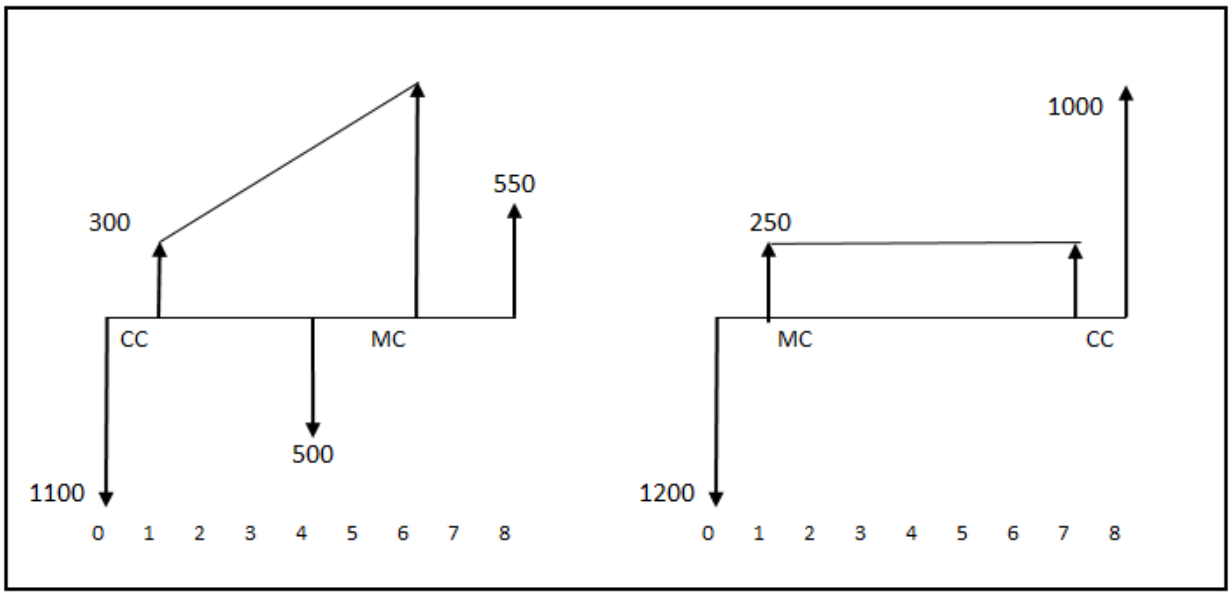
100 Points

Time: 100 Minutes (+ 10 if work needs to be completed)

Explain and show your work. No use of computer or cell phone allowed. Use of printed formula sheet and table for 8%, 12% and 15% is allowed. Non-digital textbook for use of the 3 tables (not the formula) is allowed. Write your name on sheets of paper you have (including table and formula sheets) and turn them in at the end of the test time.

PROBLEM 1:

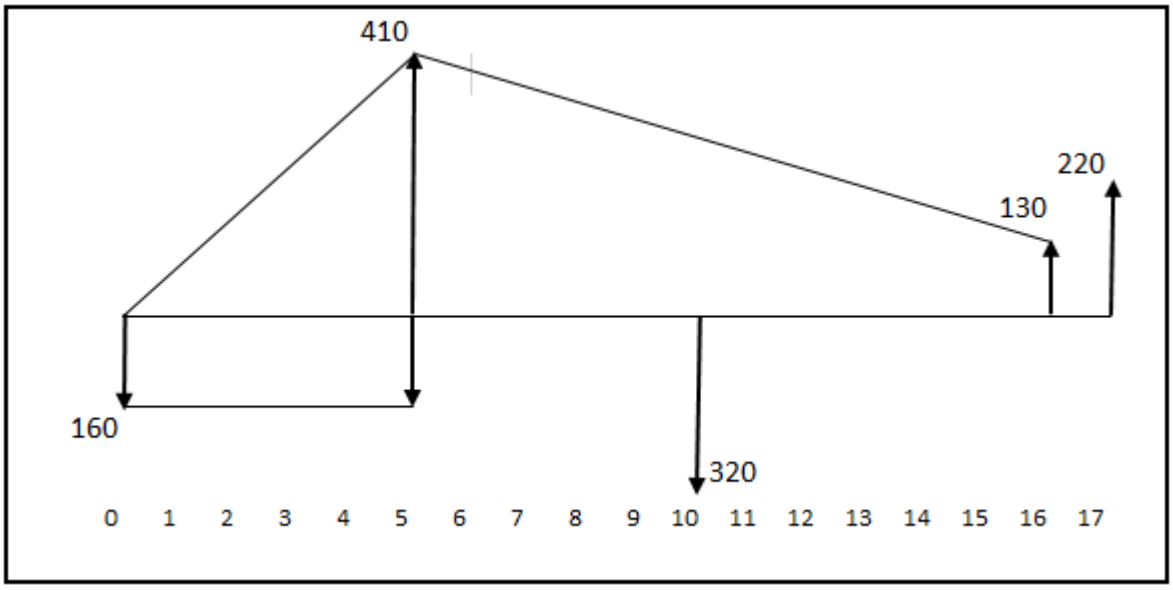
Given the two cash flows and for the interest rate of 8% compounded annually for the majority of project life times, calculate G1 that makes the two project present worth the same. Note the signs for monthly compounding (MC) and continuous compounding (CC). (30 pts)



 Your Name:

PROBLEM 2:

Find the rate of return for the following cash flow with annual compounding. (40 pts)



 Your Name:

PROBLEM 3:

Find the equivalent worth of the following cash flow at year 8. Interest rate is 15%, compounded annually. (30 pts)