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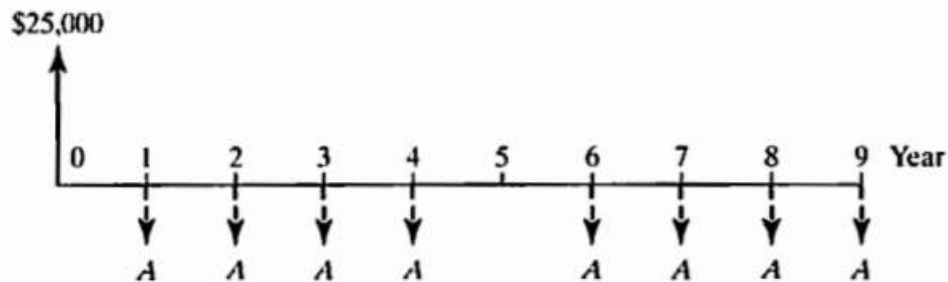
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ISE 307, Term 173  
ENGINEERING ECONOMIC ANALYSIS

Quiz# 1

Date: Sunday, July 1, 2018

Q1. If you borrow \$25,000 at an interest rate of 6%, compounded annually, with the repayment schedule as shown. what is the amount A? (Note that there is a missing payment in year 5.)



- (a)  $A = \$4.129$
- (b)  $A = \$4,793$
- (c)  $A = \$3,193$
- (d)  $A = \$3,593$

**Q2.** The maintenance expense on a machine is expected to be \$5,000 during the first year and to increase \$500 each year for the following ten years. What present sum of money should be set aside now to pay for the required maintenance expenses over the ten-year period? (Assume 8% compound interest per year.).