

Spring 2005 exam

1. c
2. b
3. b
4. b or e
5. C
6. E
7. b
8. b, not graded
9. a, not graded
10. b
11. a
12. the answer depends on the date of the newspapers used in the problem.
13. the answer depends on the date of the newspapers used in the problem.

Open book

1. Cash flows by year are Year 0=+6240, Year 1=-2169.90, Year 2=-2503.50, Year 3=-1614.30, Year 4=-132.30, discounted at 4.5, equals NPV=+345.46, Salvage = -150, discounted at 8.8, gives NPV=-107.05, NAL = +238.41, thus we should lease rather than buy.
2. 11 years
3. 67,275
4. A
5. B or D accepted, but B is better answer.
6. answers varies by date of newspaper, based on 2003 textbook answers were a.
appreciate 1.02%
 - b. Higher .49%
 - c. lower 2.2%
7. 956.91, .39%, 960.61, 102,400 yen, depreciate 2.01
8. 106.60
9. 1.1
10. 3.1