

Course No: ENGI 4317
Course Title: Engineering
Economic Analysis
Date: 25/ 10/ 2018
No. of Questions: 3(closed Book)
Time: 60 min.
Using Dictionary (No)

University of Palestine



First Mid Exam
1st Semester 2018/2019
Total Grade: 15

Instructor: Eng. Islam Falouji
Eng. Abdallah Odwan
Student No.: _____
Student Name: _____
College Name: Engineering
Dep. / Specialist: _____
Using Calculator (Yes)

Answer all questions

First question:

Mention stages of Decision Making Process

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Define the following:

Profit region

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Sunk cost

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Cash Flow Diagram

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Second Question:

We know that a certain piece of equipment will cost \$150,000 in 5 years. How much will it cost today by using 10% interest rate?

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Your brother is buying an automobile that costs \$12,000. He will pay \$2000 immediately and the remaining \$10,000 in four annual end-of-years with principal payments of \$2500 each year. In addition to the \$2500, he must pay with 15% interest on the unpaid money each year. **DRAW** a cash flow that represents the amount each year.

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Formulas Sheet:

$$F = P (1+i)^n$$

$$P = F (1+i)^{-n}$$

$$F = A \{ [(1+i)^n - 1] / i \}$$

$$A = F \{ i / [(1+i)^n - 1] \}$$

$$A = P \{ [i (1+i)^n] / [(1+i)^n - 1] \}$$

$$P = A \{ [(1+i)^n - 1] / [i (1+i)^n] \}$$