

**Solutions to Study Problems I**

**Problem 2.1.a.**

Year	0	1	2	3	4	5
<i>C</i>	-125.0000	7.0000	7.0000	7.0000	7.0000	15.7500

**b.**

Year	0	1	2	3	4	5			
<i>C</i>	-2000.0000	140.0000	224.0000	134.4000	80.6400	80.6400			
							6	7	8
							40.3200	0.0000	162.5000

**c.**

Year	0	1	2	3	4	5
<i>C</i>	-750.0000	70.0000	70.0000	70.0000	0.0000	99.9495

**Problem 2.2.**

Year	0	1	2	3	4	5	6
<i>C</i>	-160.0000	11.2000	11.2000	4.7000	11.2000	5.6000	18.6000

**Problem 2.3.**

Year	0	$t = 1, 2, \dots, 24$	25
<i>C</i>	-250,000.0000	$22,000.0000 \times (1.02)^t$	894,865.3199

**Problem 2.4.**

Year	0	1	2	3	4	5			
<i>C</i>	-320.0000	94.3400	96.7502	99.2327	11.7490	112.3019			
							6	7	8
							115.0146	117.8087	100.1016

**Problem 2.5.**

Year	0	1	2	3
<i>C</i>	-225.0000	291.0000	343.5000	185.2500

**Problem 2.6.**

Year	0	1	2	3	4	5	6
<i>C</i>	-10.0000	6.1700	5.9255	10.9681	7.4583	5.1331	5.2874

**Problem 2.7.**

Year	0	1	2
<i>C</i>	-350.0000	-350.0000	830.0000

**Problem 2.8.a.**

Year	0	1	2	3	4	5
C	-1,000.0000	-902.5000	597.5000	597.5000	597.5000	597.5000

**b.**

Year	0	1	2	3	4	5
C	-1,000.0000	-945.6000	631.9760	657.2550	676.2652	696.0359

**Problem 2.9.a.**

Year	0	1	2	3
C	-2,000.0000	6,500.0000	10,000.0000	10,000.0000

**b.**

Year	0	1	2	3
C	-2,000.0000	6,500.0000	11,820.0000	10,910.0000

**Problem 2.10.**

Year	0	1	2	3	4	5	6
C	-100.0000	-65.0000	16.4625	17.9689	19.5204	21.1186	106.2646

**Problem 2.11.**

Year	0	1	2	3	4	5
C	-5,300.0000	1,991.9175	2,600.5213	2,299.1115	2,736.2646	928.5281

**Problem 3.1. a.**  $r_Q = .0932$  **b.**  $\beta_R = 1.0435$  **c.**  $r_F = .0493$

**Problem 3.2. a.** PV = 42.7713 **b.** PV = 66.6317 **c.** PV = 35.5999

**Problem 3.3. a.** PV = 207.5932 **b.** PV = 285.4978 **c.** PV = 810.5449

**Problem 3.4. a.** PV = 116.6667 **b.** PV = 1,200 **c.** 4,180.2167

**Problem 3.5. a.** PV = 45.3341 **b.** PV = 21.7748

**Problem 3.6.** PV = 2,342.1919

**Problem 3.7. a.** PV = 866.0158 **b.** PV = 43.4135

**Problem 3.8. a.** PV = 436.8381 **b.** PV = 443.0592

**Problem 3.9.** 35.0595

**Problem 3.10.** -241.2044

**Problem 3.11. a.** NPV = 1,000 **b.** NPV = 160.8313