

(10) A 7. Using the information from Question #5, what is the Payoff prior to making your 32nd payment.

- A. \$30,800
- B. \$22,900
- C. \$16,740
- D. \$ 6,140

(10) D 8. Using the information from Question #5, what portion of the 18th payment is principal?

- A. \$715
- B. \$618
- C. \$499
- D. \$120

(10) A 9. Diamond Crystal in Weatherford, Oklahoma is looking at a new bag filtration system to remove airborne pepper particles inside the production facility. The information below is for a filtration system from the U.S. Clean Air of America Corporation. MARR is 8%. Based on the information below what is the Present Worth of the proposed bag filtration system?

First Cost = \$50,000
 M&O Costs = \$ 2,000
 Annual Benefit = \$11,000
 Salvage Value = \$12,000
 Useful Life = 8 years

- A. -\$4,300
- B. \$ 0
- C. \$4,300
- D. \$8,200

(10) C 10. Based on the Present Worth calculation in Problem #9 what decision should Diamond Crystal make from an economic feasibility standpoint?

- A. No decision can be made, not enough information
- B. Accept the project based on Present Worth Analysis
- C. Reject the project based on Present Worth Analysis
- D. The company is indifferent