Lesson: Fundamentals of Engineering Economy

Objectives:

1. Use Excel to compare compound and simple interest.
2. Use Excel to determine present value and future value.
3. Use Excel to determine the time value of money for cash flows.

Assignment:

1. Study pages 27-30 (section 1.10 Introduction to Spreadsheet Use) and your notes from the lab.

Homework:

1. Assume you just invested $1000 into an investment account that pays 6% annually. How much would you have to add to the account each year if you wanted $4000 in your account at the end of year 4? Assume you plan to make equal installments (payments) to your account at the end of years 1,2,3 and 4. In other words, find A for the spreadsheet below using the trial and error method.

Rate of Return 6.00%

End of year (EOY)	Cash Flow	Interest Earned during year, $	Cumulative interest, $	Revenue during year w/ interest, $	Cumulative revenue w/ interest, $
0	$1,000				
1	$A				
2	$A				
3	$A				
4	$A				