The following problems (7-14 to 7-18) relate to the expected business of Power Software Company (PSC) (000's of dollars):

Power Software Company Forecasts

	Probability of Occurrence						
	2%	8%	20%	40%	20%	8%	2%
Sales	$800	$1,000	$1,400	$2,000	$2,600	$3,000	$3,200

7-14. Calculate the expected value, standard deviation, and coefficient of variation of sales revenue of PSC.

🐾 **Measuring Risk**

8-3. How much will you have in 10 years if you deposit $5,000 today and earn 8 percent annual interest?

🐾 **Future Value**

Present Value ☞ **8-9.** Norton is going to receive a graduation present of $9,000 from his grandparents in four years. If the discount rate is 8 percent, what is this gift worth today?

Present Value of an Ordinary Annuity ☞ **8-15.** What is the present value of a ten-year ordinary annuity of $20,000, using a 7 percent discount rate?

8-50. You deposit $1,000 in an account that pays 8 percent interest, compounded annually. How long will it take to double your money?

🐾 **Time to Double Your Money**

Solving for a ☞
Mortgage Loan
Payment

8-56.   The Robinsons have found the house of their dreams. They have $50,000 to use as a down payment and they want to borrow $250,000 from the bank. The current mortgage interest rate is 6 percent. If they make equal monthly payments for fifteen years, how much will their monthly mortgage payment be?

Answers:

7-14	Std dev = 601, Coeff of Variation = 0.30	
8-3	Future Value $10,794.62	
8-9	Present Value $6,615.27	
8-15	PV of Annuity	$140,471.63
8-50	Solve for N 9 years	
8-56	Solve for PMT	$2,109.64