9- Present value calculation Without referring to tables or to the preprogrammed function on your financial calculator, use the basic formula for present value, along with the given opportunity cost, i, and the number of periods, n, to calculate the present value interest factor in each of the cases shown in the accompanying table. Compare the calculated value to the table value.

Opportunity Number of

Case cost, i periods, n

A 2% 4

B 10 2

C 5 3

D 13 2

7- Degree of operating leverage Grey Products has fixed operating costs of $380,000, variable operating costs of $16 per unit, and a selling price of $63.50 per unit.

a. Calculate the operating break even point in units.

b. Calculate the firm’s EBIT at 9,000, 10,000, and 11,000 units, respectively.

c. With 10,000 units as a base, what are the percentage changes in units sold

and EBIT as sales move from the base to the other sales levels used in part b?

d. Use the percentages computed in part c to determine the degree of operating

leverage (DOL).

e. Use the formula for degree of operating leverage to determine the DOL at

10,000 units.

**1-Write** a 500 word summary, in which you answer the following questions:

* Besides net present value (NPV) and internal rate of return (IRR), what other criteria do organizations use to evaluate investments?
* What are the disadvantages of NPV as an investment criterion?
* How will the change in cost of capital affect the investment decision process?

**Format** your summary consistent with APA guidelines.