Gene Paolo T. Zurbano

ME304-A (Engineering Economics)

4-16-2021

10:30-1:30 AM MWF

1. Determine the capitalized cost of a small public market if the structure has a first cost of P20M, a life of 20 years and a salvage value of P750,000. The annual operating cost is P150,000. Taxes to be paid is P70,000 annually. Use an interest rate of 7.5%. (10pts)
2. The maintenance cost of equipment is P15,000 per year and its capitalized cost at 6% interest is P1.8M. IF the equipment has a salvage value of P30,000 and has to be renewed at cost after 10 years, find its original cost. (10pts)
3. A company uses a type of truck that costs P2M, with a life of three years and a final salvage value of P320,000. How much could the company afford to pay for another type of truck for the same purpose, whose life is four years with a final salvage value of P400,000, if money is worth 4%? (10pts)
4. Determine the capitalized cost of a research laboratory that requires P5M for original construction; P100,000 at the end of every year for the first 6 years and then P120,000 each year thereafter for operating expenses, and P500,000 every 5 years for replacement of equipment with interest at 12% per annum? (10pts)

5. A machine cost P8000 and an estimated life of 10 years with a salvage value of P500. What is its book value and total depreciation after 8 years using the straight line method? (10pts)

I affirm that I have not given or received any unauthorized help on this activity and that this work is my own.

Name of Student and Signature