Homework 21

1. Do Problem 6.49 in the textbook.

2. Do Problem 6.52a in the textbook, but apply both Descartes’s Rule of Signs and Norstrom’s criterion to find your answer.

3. Use the MIRR method with a borrowing rate of 8% per year compounded quarterly and a reinvestment rate of 16% per year compounded quarterly to determine an external rate of return for the cash flows given in Problem 6-49.

4. Use the MIRR method to determine an external rate of return for the cash flows given in Problem 6-52. Assume the borrowing rate and the reinvestment rate are both equal to 15% (which we'll assume is the firm's MARR).