

SAMPLE COMPUTER ASSIGNMENT**PROBLEM:**

- (a) Develop a spreadsheet that shows the effective interest rates for different compounding periods (annual, semi-annual, quarterly, monthly, daily, and continuous) for a range of nominal annual interest rates (5.0% to 7.0% in increments of 0.2%).
- (b) Compute the future worth of \$10,000 at the end of seven (7) years by each of the different compounding methods using a nominal annual interest rate of 5.5%.

PROCEDURE:

Develop a spreadsheet in Excel to compute parts (a) and (b) explained above.

- In A1, write your **Full Name**.
- In A2, write **IME 320**.
- In B2, write **Winter 1999**.
- In A3, write **Computer Assignment #2**.
- Leave row 4 blank.
- Put the following headings in A5-G5: **Nominal Int. Rate, Annual Comp., Semi-Ann. Comp., Quarterly Comp., Monthly Comp., Daily Comp., Continuous Comp.**
- Insert interest rates of 5.0% to 7.0% (in increments of 0.2%) in cells A6 to A16.
Write appropriate formulas in cells in the range B6 to G16 to compute the effective interest rates for the different types of compounding. All values should be printed as a percent to four decimal places followed by a % sign and right justified in the cell.
- Leave row 17 blank.
- Write 5.5% in A18. Compute the effective interest rates in cells B18-G18 for the different methods of compounding.
- Write \$10,000 in cell A19.
- Using the effective interest rates computed in cells B18-G18, compute the future worth of the amount in A18 at the end of 7 years by the six different compounding methods. Print values to 2 decimal places preceded by the \$ sign.