**Solution 1.29**

Vebco Water and Gas received a contract for a seawa­ter desalination plant wherein the company expected to make a 28% rate of return on its investment. (a) If Vebco invested $8 million the first year, what was the amount of its profit in that year? (b) What amount would have to be invested to realize the same mone­tary amount of return if the rate decreases to 15% per year?

*Solution:*

(a) Profit = 8,000,000\*0.28

= $2,240,000

(b) Investment = 2,240,000/0.15

= $14,933,333