1. Proposal X and proposal Y require an initial investment of $10,000 and are expected to generate an equal cash inflow of $20,000 over their life of four years. The net cash inflow for each year of life of both the proposals is given below:



1. Compute the present value of cash inflows generated by both the proposals assuming a discount rate of 18%.
2. Which of the two proposals is better if compared using net present value method?
3. Example: Invest $2.000 now, receive 3 yearly payments of $100 each, plus $2.500 in the 3rd year. Use 12% Interest Rate and 6%.
4. There is a zero-coupon bond with a maturity of 1 year with a nominal value of 100. The required rate of investor's income is 5%. Calculate the bond value.
5. Consider a hypothetical bond maturing in two years. The nominal value of this bond is 100, interest rate is 6%, interest is paid annually. We will calculate the value of bonds assuming three different values of the required rate of income: 5%, 6%, 7%.
6. The investor intends to hold an ordinary share indefinitely. The required rate of return is 10%. The current value of the dividend is 100 and it is assumed to be constant. Calculate the stock value.
7. The investor acquires an ordinary share. The current value of the dividend is 100. Dividends for 3 years grow at the rate of 8%, and then indefinitely at the rate of 3% annually. The required rate of return is 10%. Calculate the stock value.
8. We invested PLN 100 on a 3-year 3 percent deposit with annual capitalization. How much interest will we receive with capital?
9. In 3 years we will receive PLN 100. The current interest rate / cost of capital is 3% per annum. What is the present value of my 100 zlotys?
10. PLN 100 now, PLN 110 for two years, PLN 20 now, PLN 50 for a year and PLN 35 for two years. At 5% and 2%
11. Let's assume that we want to place PLN 10,000 on a deposit. SuperBank offers an annual deposit with a nominal interest rate of 5 percent with an annual capitalization (interest is accrued upon completion of the investment). EkstraBank, on the other hand, offers an annual deposit with a nominal interest rate of 4.95 percent, but with monthly capitalization. Which bank offers a more favorable effective interest rate?