1. **Buy or Lease** A company is considering the possibility of acquiring new computer equipment for $400,000 cash. The salvage value is estimated to be $50,000 at the end of the 6-year life of the equipment. Maintenance costs will be $4,000 per month, payable at the end of each month. The company could lease the equipment for $12,000 per month payable at the end of each month. Under the 6-year lease agreement the lessor would pay the maintenance costs. If the company can earn 18% per annum, compounded monthly, on its capital, advise the company whether to buy or to lease.

2. **Mining Property** A company is considering whether or not to develop a mining property. It is estimated that an immediate expenditure of $7,000,000 will be needed to bring the property into production. After that, the net cash inflow will be $1,700,000 at the end of each year for the next 10 years. An additional expenditure of $3,200,000 at the end of 11 years will have to be made to restore the property to an attractive condition. On projects of this type, the company would expect to earn at least 20% per annum, compounded semi-annually on its capital. Advise whether the company should proceed.

3. **Mortgages** The Andersons have a $200,000 mortgage with monthly payments over 20 years at 10%. Because they both get paid weekly, they decide to switch to weekly payments (at the same interest rate). Compare their weekly payments to their monthly payments.

4. **Trust Fund** Shani is investing $500,000 in a trust fund from which her three children are to receive equal amounts when they each reach 21 years of age. The children are now 19, 15, and 13 years old. If this trust fund earns interest at 7% per annum, compounded semi-annually, how much will each child receive?