**Lab 2**

1. Compute the present value of the following ordinary annuity:. Payment: $74,484

Years: 3

Interest Rate: 10%

2. Compute the future value of the following ordinary annuity: Payment: $167,332

Years: 2

Interest Rate: 1%

3. Compute the present value of the following annuity due: Payment: $678.09

Years: 4

Interest Rate: 13%

4. Compute the future value of the following annuity due: Payment: $7,968.26

Years: 3

Interest Rate: 6%

5. Company XYZ has a bond with a face value of $1,000 which pays interest of $120 per year, compounded semi-annually. The bond currently has 3 years to maturity. If the yield for similar bonds is currently 14%, what is the bond’s current t market value?

6. Company ABC just paid a dividend of $3/share on its stock. The dividends are expected to grow at a constant rate of 5% per year, indefinitely. If investors require a 12% return on investment, what is the current price?

7. Company ABC just paid a dividend of $3/share on its stock. The dividends are expected to continue forever. If investors require a 12% return on investment, what is the current price?