

a)

Initial Cost	4500
Annual Benefit	1100
Repayment Prd	4.090909091

Annual Lease

3000

Alt:

Initial Cost

4500

Software Lease

1900

b)

interest rate=

10.00% Year

Costs

Benefit

Discounted Benefits

0

4500

0

1

1100

1000

2

1100

909.090909090909

3

1100

826.446280991735

4

1100

751.314800901578

5

1100

683.013455365071

6

1600

903.158288086044

Total:

4500

5073.02373443534

B/C Ratio:

1.127338608