

Tutorial 1 - Exercises from Chapter 2

Please complete:

- Exercise 2.3 (Effective Rates)
- Exercise 2.5 (A Prize)
- Exercise 6 (Sunk Costs)
 - Repeat this question with an interest rate of 3% per period. Do the results change?
- Exercise 9 (An Appraisal)

A note on **Geometric Series**:

$$\sum_{k=0}^{\infty} ar^k = \frac{a}{1-r} \text{ iff } |r| < 1.$$