IFS 104 Homework #4

Financial Applications

Use the concepts and examples of **Chapter 4** as your guide.

Save all your files in the `homework04` folder on your k: drive.

1. Complete "Apply Your Knowledge 1 Monthly Loan Payment" on page 296. Save each of the three cases to a separate workbook.

2. Complete "In the Lab 1 401(k) Planning Sheet" on page 297, **just part 1**, not part 2.

3. Well, FurbyMart continues to enhance its image as a cutting edge, 21st century, company with its latest joint venture agreement with DreamWorks and YouTube. The three companies will work together to develop a series of Furby-related videos to be shown exclusively on the internet (YouTube). The finances for the deal work out like this:
   - Fixed expenses for the project: $1,200,000
   - Bandwidth expenses per each viewing of video: $.05
   - Ad revenue per each viewing of video: $.08

   So, the Board of Directors wants to know how many times our video has to be viewed before FurbyMart breaks even. BTW, the formula for this is:

   ` Break even = Fixed expenses / (Revenue per view – Expense per view) `

   Please use names liberally (and correctly) in your solution.

   The Board is concerned about the high fixed expenses of this project. They want to break-even in only 25 million views of our video. What will fixed expenses have to be for the company to achieve this **goal**? Please save this to a separate workbook/file.

4. My buddy Sally is thinking of buying one of those snooty, new condos in downtown Naperville. Here are the numbers that my equally snooty realtor gave her:
   - With some measure of negotiation, the condo will probably cost $425,000.
   - Sally has $35,000 saved up for a down payment.
   - My brother, the mortgage broker, said he can get Sally a sweet interest rate of 6.25% for a 15 year, fixed rate loan.

   So, please:
   a) Calculate Sally's monthly payments for the condo, using cell names in your formulas

   b) I have a picture of this little place. It's condo.jpg on the k: drive at `common_area/homework`. Please tastefully insert this graphic into your worksheet and assign a hyperlink to some City of Naperville site.

   c) Create an amortization table so that I can follow the details of Sally's loan over its 15 years. There are a number of examples of amortization schedules available in Chapter 4 for you to snarf; feel free to use them.

   d) Properly protect the worksheet, so that your good work can be shared with others. No passwords please!

5. **Web special** – no web special this homework (sorry!) because my computer's fried and the internet is down. So anyway, I'm saving up for a new computer, and I need your help. I'm going to try and save $100 a month. I'll stash the money each month into a saving account that returns 4.5% annually. If I do this for a year, will I have enough to buy that fancy, new Dell laptop with the battery that doesn't melt? The one I'm looking at costs about $1,600. If I am not saving enough, then how much would I have to save each month to reach my goal? Save each of these to separate workbooks. Done!