**FN1140 – Finance Name:\_\_\_\_\_\_\_\_\_\_**

**Test 2 @ 20%**

Coverage:

* Chapter 9 – Compound interest
* Chapter 11 – Ordinary Simple Annuities
* Chapter 12 – Ordinary General Annuities
* Chapter 13 – Annuities Due & Perpetuties

**Instructions: This exam contains 5 Questions, each with multiple parts. Using your calculator, excel spreadsheet and 8.5\*11 sheet answer the questions in the space provided.**

**Question 1**

Suppose that you invest $3000 for 4 years and 8 months at 5% p.a. compounded semi-annually. How much will your investment be worth at the end of the period?

1. Appropriate formula = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. PV=\_\_\_\_\_\_\_\_\_\_\_
3. I/Y=\_\_\_\_\_\_\_\_\_\_\_
4. C/Y=\_\_\_\_\_\_\_\_\_\_\_
5. i = \_\_\_\_\_\_\_\_\_\_\_\_
6. n = \_\_\_\_\_\_\_\_\_\_\_
7. FV = \_\_\_\_\_\_\_\_\_\_

**Question 2**

A 3 year, non-interest bearing note for $5,000 was dated Aug 31, 2015 and earned 8% p.a. compounded quarterly. Determine the proceeds of the note if it were to be discounted on November 30, 2016?

1. Appropriate formula = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. PV=\_\_\_\_\_\_\_\_\_\_\_
3. I/Y=\_\_\_\_\_\_\_\_\_\_\_
4. C/Y=\_\_\_\_\_\_\_\_\_\_\_
5. i = \_\_\_\_\_\_\_\_\_\_\_\_
6. n = \_\_\_\_\_\_\_\_\_\_\_
7. FV = \_\_\_\_\_\_\_\_\_\_

**Question 3**

Find the accumulated value of quarterly payments of $100 made a the end of each quarter for 15 years just after the last payment has been made if the interest rate is 8% compounded monthly.

1. Appropriate formula = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. PMT=\_\_\_\_\_\_\_\_\_\_\_
3. I/Y=\_\_\_\_\_\_\_\_\_\_\_
4. P/Y=\_\_\_\_\_\_\_\_\_\_\_
5. C/Y=\_\_\_\_\_\_\_\_\_\_\_
6. i = \_\_\_\_\_\_\_\_\_\_\_\_
7. c = \_\_\_\_\_\_\_\_\_\_\_\_\_
8. P=\_\_\_\_\_\_\_\_\_\_\_\_
9. n = \_\_\_\_\_\_\_\_\_\_\_
10. FV = \_\_\_\_\_\_\_\_\_\_

**Question 4**

Find the accumulated value of payments of $1000 made at the beginning of each year for 5 years if the interest rate is 8% compounded monthly.

1. Appropriate formula = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. PMT=\_\_\_\_\_\_\_\_\_\_\_
3. I/Y=\_\_\_\_\_\_\_\_\_\_\_
4. P/Y=\_\_\_\_\_\_\_\_\_\_\_
5. C/Y=\_\_\_\_\_\_\_\_\_\_\_
6. c = \_\_\_\_\_\_\_\_\_\_\_
7. P = \_\_\_\_\_\_\_\_\_\_\_
8. i = \_\_\_\_\_\_\_\_\_\_\_\_
9. n = \_\_\_\_\_\_\_\_\_\_\_
10. FV = \_\_\_\_\_\_\_\_\_\_

**Question 5**

What sum of money invested today at 10% compounded monthly will provide an annual scholarship of $1000 paid at the end of the year, indefinitely?

1. Appropriate formula = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. PMT=\_\_\_\_\_\_\_\_\_\_\_
3. I/Y=\_\_\_\_\_\_\_\_\_\_\_
4. P/Y=\_\_\_\_\_\_\_\_\_\_\_
5. c = \_\_\_\_\_\_\_\_\_\_\_
6. P = \_\_\_\_\_\_\_\_\_\_\_
7. i = \_\_\_\_\_\_\_\_\_\_\_\_
8. PV = \_\_\_\_\_\_\_\_\_\_\_\_\_\_