FINN1300 Online Quiz Ch6

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Not yet answered

Marked out of 1.00

Flag question

Aunt Butch borrows \$19,500 from the bank at 8 percent annually compounded interest to be repaid in 10 equal annual installments. The interest paid in the third year is _____.

Select one:

- a. \$1,947.10
- b. \$1,336.00
- c. \$2,906.11
- d. \$1,560.14

Answer saved

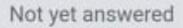
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P Flag question

The nominal (stated) annual rate is the rate of interest actually paid or earned.

Select one:

- True
- False



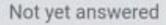
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Flag question

If the present value of a perpetual income stream is increasing, the discount rate must be _____.

Select one:

- a. decreasing
- b. increasing proportionally
- c. changing unpredictably
- d. increasing



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P Flag question

\$100 is received at the beginning of year 1, \$200 is received at the beginning of year 2, and \$300 is received at the beginning of year 3. If these cash flows are deposited at 12 percent, their combined future value at the end of year 3 is _____.

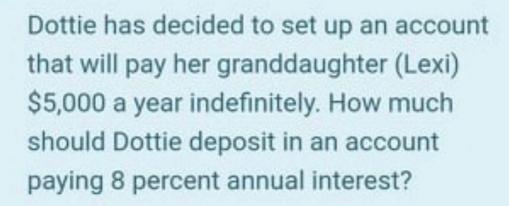
Select one:

- a. \$727
- b. \$ 672
- o. \$1,536
- d. \$1,245

Not yet answered

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P Flag question



Select one:

- a. \$61,800
- b. \$62,500
- o. \$63,500
- d. \$68,555



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Question 6

Not yet answered

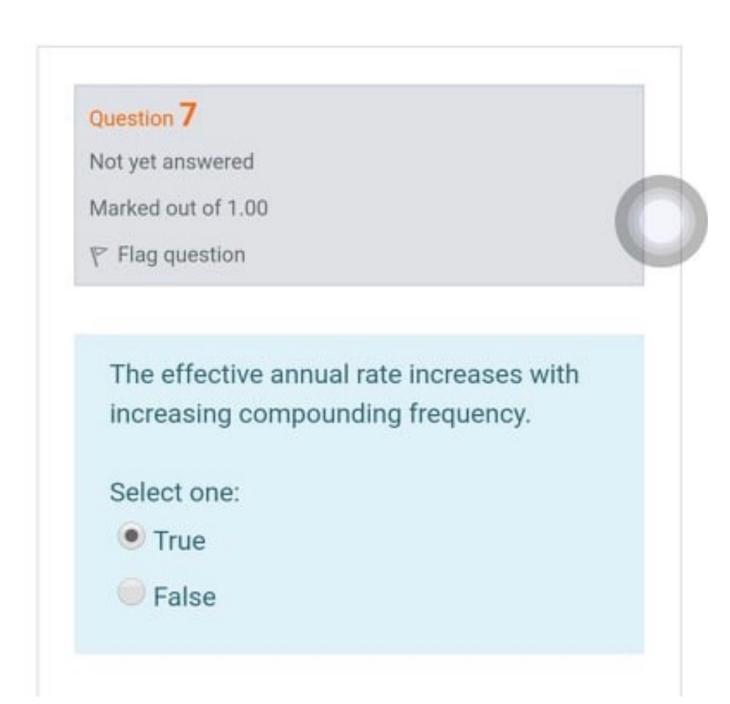
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P Flag question

The future value of an annuity of \$1,000 at the end each quarter for 10 years, deposited at 12 percent compounded quarterly is

Select one:

- a. \$11,200
- b. \$17,549
- o. \$93,049
- d. \$75,401



Not yet answered

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P Flag question

The future value of \$200 received today and deposited at 8 percent compounded semiannually for three years is

Select one:

- a. \$380
- b. \$253
- c. \$158
- d. \$252

Not yet answered

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Flag question

The present value of \$100 received at the end of year 1, \$200 received at the end of year 2, and \$300 received at the end of year 3, assuming an opportunity cost of 13 percent, is

Select one:

- a. \$1,181
- b. \$416
- c. \$ 500
- d. \$ 453

Not yet answered

Marked out of 1.00

P Flag question

A(n) _____ is an annuity with an infinite life making continual annual payments.

Select one:

- a. amortized loan
- b. perpetuity
- C. APR
- d. principal