

Finance 3rd quiz (in class)

Name:

1. If you presently have \$6,000 invested at a rate of 15 percent, how many years will it take for your investment to triple? (Round up to obtain a whole number of years if necessary.)

Show your work with the answer (20 point):

2. You deposited \$1,000 in a savings account that pays 8 percent interest, compounded quarterly, planning to use it to finish your last year in college. Eighteen months later, you decide to go to the Rocky Mountains to become a ski instructor rather than continue in school, so you close out your account. How much money will you receive?

Show your work with the answer (20 point):

3. What is the future value of a 5-year ordinary annuity with annual payments of \$200, evaluated at a 15 percent interest rate?

Show your work with the answer (20 point):

4. What is the present value of a 5-year ordinary annuity with annual payments of \$200, evaluated at a 15 percent interest rate? Show your work with the answer (20 point):

5. Assume that your required rate of return is 12 percent and you are given the following stream of cash flows:

Year	Cash Flow
0	\$10,000
1	15,000
2	15,000
3	15,000
4	15,000
5	20,000

If payments are made at the end of each period, what is the present value of the cash flow stream? Show your work with the answer (20 point):