

Score: **60** out of 90 points (66.67%)

1.

award:

**10 out of
10.00 points**

Ashley received a \$900 investment certificate from her great aunt, on her 10th birthday. Ashley has been told that the certificate will mature on her 26th birthday, and that the certificate pays a 2% annual interest rate compounded once each year. Calculate the maturity value of Ashley's investment certificate. Round your answer to 2 decimal places.

1235.51 

It is highly recommended to follow the following steps when dealing with TVM questions:

Step 1 What do we have to calculate? (indicate the Excel function, FV in this case)

Step 2 What do we need in order to calculate FV? (indicate the parameters of the Excel function, in this case rate, nper, pmt, and pv)

Step 3 What is the final answer? (do the calculations and indicate the answer in the proper format)


2.

award:

**10 out of
10.00 points**

As part of the payment for the purchase of her business, Donna is offered a promissory note for \$140,000, which is due at the end of 5 years. Assuming an annual return of 4.00% compounded annually, what is the present value of this promissory note?

Round your answer to 2 decimal places.

115069.79 

It is highly recommended to follow the following steps when dealing with TVM questions:

Step 1 What do we have to calculate? (indicate the Excel function, PV in this case)

Step 2 What do we need in order to calculate PV? (indicate the parameters of the Excel function, in this case rate, nper, pmt, and fv)

Step 3 What is the final answer? (do the calculations and indicate the answer in the proper format)


3.

award:

**0 out of
10.00 points**

Your grandfather placed \$900 in a trust fund for you. Assuming that the trust fund earned 7.00%, compounded annually. How long will it be before the fund will be worth \$7,700?

Answer in years, round your answer to 2 decimal places.

  31.73

It is highly recommended to follow the following steps when dealing with TVM questions:

Step 1 What do we have to calculate? (indicate the Excel function, NPER in this case)

Step 2 What do we need in order to calculate NPER? (indicate the parameters of the Excel function, in this case rate, pmt, pv, and fv)

Step 3 What is the final answer? (do the calculations and indicate the answer in the proper format)

4.

award:

**10 out of
10.00 points**

In 1889, Vincent Van Gogh's painting, "Sunflowers", sold for \$121. 115 years later it sold for \$26 million. Had the painting been purchased by your great-grandfather and passed on to you, what annual return on investment would your family have earned on the painting?

Round your answer to 2 decimal places.

It is highly recommended to follow the following steps when dealing with TVM questions:

Step 1 What do we have to calculate? (indicate the Excel function, RATE in this case)

Step 2 What do we need to calculate? (indicate the parameters of the Excel function, in this case nper, pmt, pv, and fv)

Step 3 What is the final answer? (do the calculations and indicate the answer in the proper format)

5.

award:

**10 out of
10.00 points**

What is the effective annual rate of 9% compounded semiannually?

Round your answer to 2 decimal places.

It is highly recommended to follow the following steps when dealing with TVM questions:

Step 1 What do we have to calculate? (indicate the Excel function, EFFECT in this case)

Step 2 What do we need in order to calculate EFFECT? (indicate the parameters of the Excel function, in this case nominal_rate and npery)


Step 3 What is the final answer? (do the calculations and indicate the answer in the proper format)

6.

award:

**10 out of
10.00 points**

Harriett has just leased a new car that her brother-in-law has agreed to purchase from her for \$16,400 at the end of the 10 year lease period. Using an annual interest assumption of 4% compounded quarterly, calculate the present value of the \$16,400 that Harriett will receive in 10 years. Round your answer to 2 decimal places.

It is highly recommended to follow the following steps when dealing with TVM questions:

Step 1 What do we have to calculate? (indicate the Excel function, PV in this case)

Step 2 What do we need in order to calculate PV? (indicate the parameters of the Excel function, in this case rate, nper, pmt, and fv)

Step 3 What is the final answer? (do the calculations and indicate the answer in the proper format)

7.


award:

**10 out of
10.00 points**

Buena Vista Co. has identified an investment project with the following cash flows:

Year	Cash Flow
1	\$960.00
2	\$1064.00
3	\$1122.00
4	\$1072.00

If the discount rate is 17.00%, what is the present value of these cash flows? (round your answer to 2 decimal places)

Buena Vista Co. has identified an investment project with the following cash flows:

Year	Cash Flow
1	\$960.00
2	\$1064.00
3	\$1122.00
4	\$1072.00

If the discount rate is 17.00%, what is the present value of these cash flows? (round your answer to 2 decimal places)

Explanation:

It is highly recommended to follow the following steps when dealing with TVM questions:

Step 1 What do we have to calculate? (indicate the Excel function, PV of multiple cash flows in this case).

Step 2 What do we need in order to calculate PV in Step 1? (indicate the parameters of the Excel function, in this case rate, nper, pmt, and fv). Repeat PV calculation for every cash flow or generate the formula in Excel and drag down

Step 3 What is the final answer? (do the calculations and indicate the answer in the proper format)

8.

award:

**0 out of
10.00 points**

Suppose that you placed \$550 in a bank account each year for the next 11 years. How much would be on deposit at the end of the 11th year if the deposits earned 6% each year?
Round your answer to 2 decimal places.

  8,234.40

It is highly recommended to follow the following steps when dealing with TVM questions:

Step 1 What do we have to calculate? (indicate the Excel function, FV in this case)

Step 2 What do we need in order to calculate FV in Step 1? (indicate the parameters of the Excel function, in this case rate, nper, pmt, and fv)

Step 3 What is the final answer? (do the calculations and indicate the answer in the proper format)

9.

award:

**0 out of
10.00 points**

Investment X offers to pay you \$5,000.00 per year for 9 years, whereas Investment Y offers to pay you \$6,000.00 for 7 years. Which of these cash flow streams has the higher present value if the discount rate is 14.00%?

Please answer '1' or '2':

Investment X offers to pay you \$5,000.00 per year for 9 years, whereas Investment Y offers to pay you \$6,000.00 for 7 years. Which of these cash flow streams has the higher present value if the discount rate is 14.00%?

Please answer '1' or '2':

Explanation:

It is highly recommended to follow the following steps when dealing with TVM questions:

Step 1 What do we have to calculate? (indicate the Excel function, PV in this case)

Step 2 What do we need in order to calculate PV in Step 1? (indicate the parameters of the Excel function, in this case rate, nper, pmt, and fv)

Step 3 What is the final answer? (do the calculations and indicate the answer in the proper format)