

FIN101 Introduction to Finance Practice Questions - I  
© Jayanta Sen 2008

Question 1) You invest \$100,000 at the rate of 8% per year for 5 years. How much will you receive after 5 years?

- A) 146,933
- B) 147,249
- C) 148,381
- D) 141,084
- E) 145,530

Question 2) You are promised a payment of \$10,000,000 to be paid after 8 years. Your rate of discount is 9%. What is the value of this money to you today?

- A) 5,001,583
- B) 5,018,663
- C) 5,019,873
- D) 5,020,537
- E) 5,025,533

Question 3) You invest \$18,000,000 today for 6 years time and the rate of return is 10%. How much do you get in 6 years?

- A) 29,989,188
- B) 30,435,151
- C) 30,423,147
- D) 31,888,098
- E) 32,924,133

Question 4) You invest \$10,000 over 12 years at 5%. What is the amount you receive at the end?

- A) 17,959
- B) 18,153
- C) 18,299
- D) 18,534
- E) 18,977

Question 5) You are to receive cash flows of \$5,000 in 2 years time, and \$2,000 in 3 years time. Your discount rate is 9% per year. What is the present value of the cash flows?

- A) 7,000
- B) 6,193
- C) 6,054
- D) 5,922
- E) 5,753

Question 6) You are to receive cash flows of \$10,000,000 in 4 years

time, and \$11,000,000 in 8 years time. Your discount rate is 9% per year. What is the present value of the cash flows?

- A) 9,531,412
- B) 9,784,598
- C) 10,453,025
- D) 12,604,781
- E) 12,398,222

Question 7) You invest \$100,000 today at the rate of 8% per year. After 5 years you receive \$110,000. After 7 years you receive the remaining owed. How much will you receive after 7 years?

- A) 31,894
- B) 43,078
- C) 52,830
- D) 141,084
- E) 188,521

Question 8) You invest \$100,000 today at the rate of 8% per year. After 5 years you deposit \$150,000 more. After 7 years all your investments are returned to you. How much will you receive after 7 years?

- A) 250,000
- B) 346,342
- C) 397,348
- D) 423,015
- E) 451,259

Question 9) You are to receive \$1,000 every month for 50 months. Your rate of discount is 0.6% per month. What is the present value to you of this cash flow?

- A) 41,588
- B) 42,221
- C) 43,086
- D) 48,352
- E) 50,000

Question 10) You are to receive cash flows of \$10,000 2 years from today, and \$15,000 3 years from today. Your discount rate is 10% per year. What is the present value of the cash flows?

- A) 17,819
- B) 18,222
- C) 19,534
- D) 20,932
- E) None of the Above

Question 11) You are to receive cash flows of \$8,000,000 in 8 years time. You have to pay \$5,000,000 in 10 years time. Your discount rate is 9% per year. What

is the present value of the cash flows to you?

- A) 1,902,876
- B) 2,380,456
- C) 2,588,238
- D) 2,735,192
- E) None of the Above

Question 12) You invest \$500,000 today at the rate of 8% per year. After 6 years from today you receive \$300,000. After 10 years from today you receive the remaining owed. How much will you receive after 10 years from today?

- A) 591,289
- B) 602,437
- C) 650,431
- D) 671,316
- E) None of the Above

Question 13) You invest \$300,000 today at the rate of 10% per year (for the entire length of this investment of \$300,000 from today to year 8). After 5 years from today you invest \$200,000 more at the rate of 12% per year (for the 3 years of this investment of \$200,000 from years 5 to 8). After 8 years from today all your investments are returned to you. How much will you receive after 8 years from today?

- A) 901,055
- B) 924,062
- C) 947,853
- D) 969,810
- E) None of the Above

Answer Key for Set 1:

- 1) A
- 2) B
- 3) D
- 4) A
- 5) E
- 6) D
- 7) B
- 8) B
- 9) C
- 10) C
- 11) A
- 12) D
- 13) B