

Unit 6 - Week 5

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Methods of Comparison of Alternatives

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Capitalized Equivalent and Capital Recovery with Return

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Solution 5

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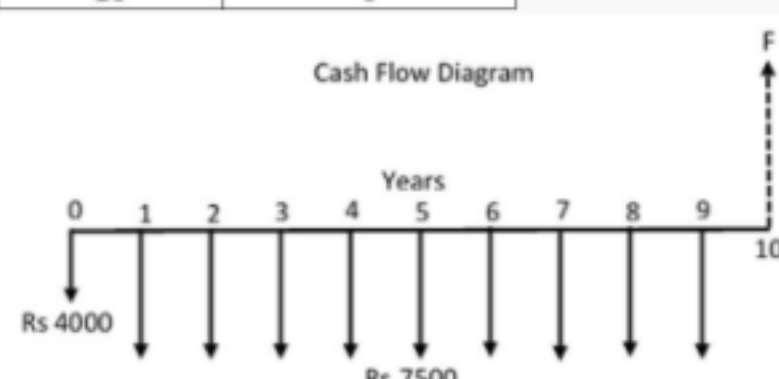
Assignment 5

The due date for submitting this assignment has passed. As per our records you have not submitted this assignment.

Due on 2020-03-04, 23:59 IST.

1) For the following series of deposits, total balance at the end of 10 years at interest rate of 10% compounded annually will be Rupees **1 point**

End of period	Amount of deposit
0	4000
1-9	7500
10	0



- 111308
 122403
 124803
 127803

No, the answer is incorrect. Score: 0

Accepted Answers: 122403

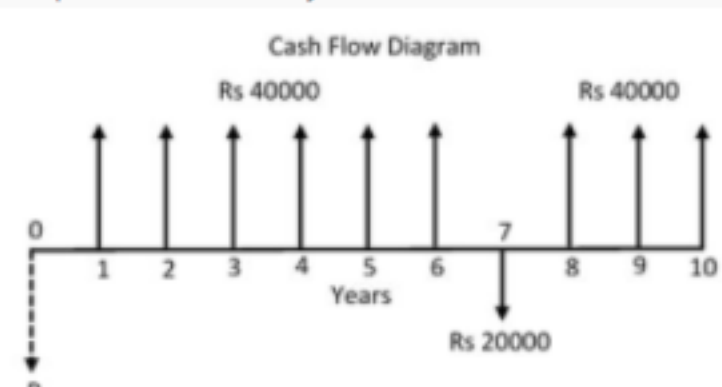
2) What value of equal payment series is equivalent to present amount of Rs. 55000 in six years at 8% interest rate compounded quarterly with quarterly payments? **1 point**

- Rs. 2940
 Rs. 3067
 Rs. 2910
 Rs. 3480

No, the answer is incorrect. Score: 0

Accepted Answers: Rs. 2910

3) For the following series of cash flow, what should be the value of P so that the balance amount at the end of year 10 is zero? Rate of interest is 10% compounded annually. **1 point**



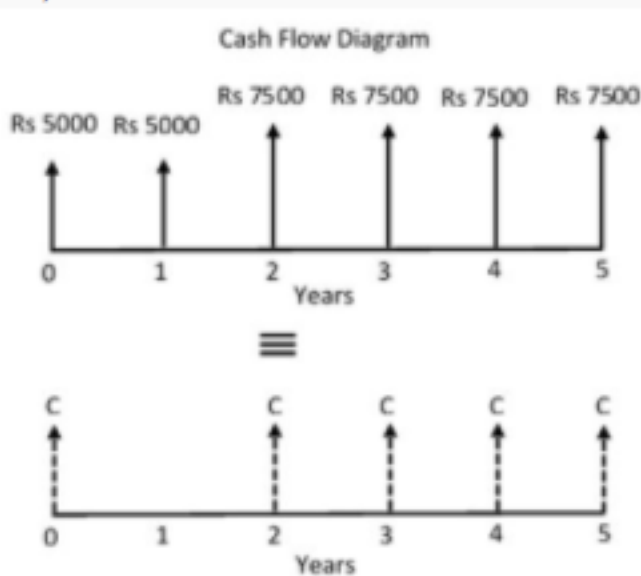
End of period	Deposit	Withdrawal
0	P	
1-6		40000
7	20000	
8-10		40000

- Rs. 202968
 Rs. 214992
 Rs. 189368
 Rs. 222130

No, the answer is incorrect. Score: 0

Accepted Answers: Rs. 214992

4) The value of C which will make the two cash flow equivalents at interest rate of 10% compounded annually is **1 point**



- Rs. 7531
 Rs. 8026
 Rs. 8926
 Rs. 7002

No, the answer is incorrect. Score: 0

Accepted Answers: Rs. 8026

5) For present amount, $P = \text{Rs. } 10000$ and future amount, $F = \text{Rs. } 30000$, if compounding is quarterly, what effective annual interest rate and nominal interest rate will make P and F equivalent for $n = 6$ years. **1 point**

- 20.1% per year and 18.7% compounded quarterly
 18.1% per year and 16.2% compounded quarterly
 22.7% per year and 20.9% compounded quarterly
 15.2% per year and 14.8% compounded quarterly

No, the answer is incorrect. Score: 0

Accepted Answers: 20.1% per year and 18.7% compounded quarterly

6) The annual equivalent of series of payment of Rs. 20000 per year, received at the end of each of the next 3 years, at an interest rate of 10% is **1 point**

- Rs. 20000/year
 Less than Rs. 20000/year
 More than Rs. 20000/year
 $20000 (A/P, 10, 3)$

No, the answer is incorrect. Score: 0

Accepted Answers: Rs. 20000/year

7) If you wish to withdraw Rs. 50000, Rs 80,000, Rs. 110000 and Rs. 140000 at the end of 2nd, 3rd, 4th and 5th year from now from a savings accounts which earns 8% interest rate compounded annually, the amount you should deposit now is **1 point**

- $[50000 + 30000 (A/G, 8, 4)](P/A, 8, 5)(P/F, 8, 1)$
 $[50000 + 30000 (A/G, 8, 4)](P/A, 8, 4)(P/F, 8, 1)$
 $[50000 + 30000 (A/G, 8, 4)](A/P, 8, 5)(P/F, 8, 1)$
 $[50000 + 30000 (A/G, 8, 4)](A/P, 8, 4)(P/F, 8, 1)$

No, the answer is incorrect. Score: 0

Accepted Answers: $[50000 + 30000 (A/G, 8, 4)](P/A, 8, 4)(P/F, 8, 1)$

8) Future worth of payment series of Rs. 20000 at the end of each year for 6 years at 12% interest rate compounded annually will be **1 point**

- 20000 (F/A, 12, 6)
 20000 (F/A, 6, 12)
 20000 (A/F, 12, 6)
 20000 (A/F, 6, 12)

No, the answer is incorrect. Score: 0

Accepted Answers: 20000 (F/A, 12, 6)

9) A series of equal quarterly deposits of Rs. 10000 extends over a period of 3 years. The future worth of this deposit series at 10% interest compounded monthly will be Rupees **1 point**

- 150780
 158572
 138110
 172294

No, the answer is incorrect. Score: 0

Accepted Answers: 138110

10) An asset has first cost of Rs. 10000 and has estimated service life of 5 years. The salvage value at the end of its life is Rs. 2000. For an interest rate of 10% compounded annually, the capital recovery with return (per year) is Rupees **1 point**

- Rs. 2155.20
 Rs. 2231.30
 Rs. 2034.56
 Rs. 2310.40

No, the answer is incorrect. Score: 0

Accepted Answers: Rs. 2310.40