PAPER # 3

Section A: Multiple Choice Questions (MCQs)

* 1. A business buys a machine for \$10,000 and expects to sell it for \$12,000 after 5 years. If the annual rate of depreciation is 10%, what is the book value of the machine after 3 years?

- * (a) \$6,000
- * (b) \$7,000
- * (c) \$8,000
- * (d) \$9,000

* (d) \$9,000
* (e) \$10,000
* 2. A company borrows \$100,000 at an interest rate of 10% per annum. The loan is to be repaid the equal annual invalidents. What is the size of each installer instalipen

- * (a) \$33,333
- * (b) \$35,000
- * (c) \$36,000
- * (d) \$37,500
- * (e) \$38,000

* 3. A company has a profit of \$100,000. It is taxed at a rate of 20%. What is the amount of tax paid?

* (a) \$20,000

30/4 + 3y = 12

Simplify:

15/2 + 3y = 12

Subtract 15/2 from both sides: 3y = 12 - 15/23y = 24/2 - 15/2 3y = 9/2

Divide both sides by 3:



7. Calculate the compound interest on a principal amount of \$5,000 at an annual rate of 6% compounded annually for 3 years.

Answer:

The compound interest formula is:

 $A = P(1 + r/n)^{(nt)}$

Where:

9. Calculate the present value of \$1,000 to be received in 5 years at an annual discount rate of 8%.

Answer:

The present value (PV) can be calculated using the formula:

 $PV = FV / (1 + r)^{t}$

Where:

PV = Present Value

FV = Future Value

r = Discount Rate (as a decimal) eview from Notesale.co.uk page 17 of 19 s

t = Number of Years

In this case:

FV = \$1,000 t = 5 vears

 $PV = 1000 / (1 + 0.08)^{5}$ $PV = 1000 / (1.08)^{5}$ PV ≈ 1000 / 1.4693

PV ≈ \$680.58