

Chapter 1: Compound interest

Q1: Find the value of $(1.05)^{60}$ using interest table only

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Q2: A person invested BD1,000 at 6% annually for 4 years and 6 months, find future value and compound interest if the interest compounded thirdly.

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Q3: Calculate the future value for BD3,000 invested for 10 years at changing rate: 4% annually for the first 4 years, 5% annually for next two years and 6% annually compounded semi-annually for the rest years?

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Q4: A principal of BD3175.309 is invested at 8% annually, how long would it take to make the future value to BD18,643.829?

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Chapter 2: Annuities

Q1: Ahmed paid an annuity of BD600 at the beginning of each three months at interest rate of 6% annually. Find the following:

A- Future value (amount) and interest at the end of 10 years

B- Present value of the annuities at the end of the period.

future value =

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compound interest =

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present value =

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Q2: A man paid an annuity at the end of every year at 6% annually, if the amount of annuity at the end of 10 years was BD922.656. find the value of each annuity?

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Chapter 3: Capital decision

Q1: Abdulla has three potential projects, all with an initial cost of BD30,000. Which projects do you accept by using payback method?

Cash flow	A	B	C
Cash inflow year 1	10,000	13,000	17,000
Cash inflow year 2	10,000	12,000	12,000
Cash inflow year 3	10,000	10,000	11,000
Cash inflow year 4	10,000	7,200	14,000

Project A

Payback period=

Project B

Year	Cash flow	Yet to be recovered BD	Payback period
0			
1			
2			
3			
4			

Project C

Year	Cash flow	Yet to be recovered BD	Payback period
0			
1			
2			
3			
4			

Which project you will accept

Which project you will choose

Chapter 4: break-even analysis

Q1:Haider Company sold an item at BD11 per unit and it had a variable cost per unit of BD6. The total annual fixed cost BD2,000. Required:

- 1- Contribution margin per unit
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- 2- Contribution margin percentage
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- 3- Break-even point sales in units
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- 4- Break-even point sales revenue in BD
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- 5- Margin of safety if the company sells 600 units and it profit or loss
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Chapter 5: Financial ratio analysis

The balance sheet and income statement for MRG Company are as follows.

Balance Sheet	BD 000	Income Statement	BD 000
Cash	500	Net Sales (Revenues)	8,000
Account Receivable	2,000	- Cost of Goods Sold	3,200
Inventories	1,000	Gross Profit	4,800
Current Assets	3,500	- Operating Expenses	800
Fixed Assets	4,500	Operating Income	4,000
Total Assets	8,000	Interest Expenses	1,000
Current Liabilities	2,000	Profits before taxes	3,000
Long-term debt	2,000	Tax (5%)	150
Owners' Equity	4,000	Net Income	2,850
Total Liabilities and equity	8,000		

Gross profit margin %	
Profit margin %	
Working capital	
Capital employed	
Return on capital employed (ROCE)	
Current ratio	
Acid test ratio (Quick ratio)	