UNIVERSITI UTARA MALAYSIA

FINAL EXAMINATION
FIRST SEMESTER 2013/2014 SESSION

COURSE CODE/NAME: BWFF2013 FINANCIAL MANAGEMENT I
DATE: 31 DECEMBER 2013 (TUESDAY)
TIME: 9.00 – 11.30 AM (2 ½ HOURS)
VENUE: DMS/ DTSO/ PMI/ IKIP/ KTB/ MKM

INSTRUCTIONS:
1. This examination paper contains FORTY (40) multiple choice questions and SIX (6) structured questions in NINETEEN (19) printed pages excluding the cover page and appendices.
2. Candidates are required to answer ALL questions in the answer booklet / answer sheets / OMR form provided.
3. Candidates are NOT ALLOWED to take both examination question and the answer booklet out of the examination hall.
4. Candidates are bound by the UUM’s RULES AND PROCEDURES ON ACADEMIC FRAUD.

MATRIC NO.: ____________________________ (in words) (in numbers)

IDENTIFICATION CARD NO.: ____________

LECTURER’S NAME: ____________________________

GROUP: ________ TABLE NO.: ________

DO NOT OPEN THIS EXAMINATION PAPER UNTIL INSTRUCTED

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PART A: MULTIPLE CHOICE QUESTIONS

Answer ALL questions in this section in the OMR form provided.

1. Which one of the following is the financial statement that summarizes a firm's revenue and expenses over a period of time?
   
   A. Balance sheet  
   B. Income statement  
   C. Statement of cash flows  
   D. Tax reconciliation statement

2. Which term relates to the cash flow which results from a firm's ongoing, normal business activities?
   
   A. capital spending  
   B. net working capital  
   C. operating cash flow  
   D. cash flow from assets

3. Which of the following is NOT current asset?
   
   A. cash  
   B. inventory  
   C. account payable  
   D. account receivable

4. Which one of the following will increase the cash flow from assets, all else equal?
   
   A. decrease in net capital spending  
   B. decrease in cash flow to creditors  
   C. decrease in cash flow to stockholders  
   D. increase in the change in net working capital

5. Based on the statement stated below, which of the following answer is CORRECT?

   “If the current ratio of Firm A is greater than the current ratio of Firm B, we cannot be sure that the quick ratio of Firm A is greater than that of Firm B. However, if the quick ratio of Firm A exceeds that of Firm B, we are sure that Firm A’s current ratio also exceeds B’s current ratio.”

   A. The statement is true  
   B. The statement is false  
   C. The statement is not related  
   D. Further information is needed
6. Calculate debt-to-equity ratio, from the following information:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000 preference share at RM10 each</td>
<td>RM100,000</td>
</tr>
<tr>
<td>5,000 common shares at RM20 each</td>
<td>RM100,090</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>RM70,000</td>
</tr>
<tr>
<td>Bonds</td>
<td>RM220,000</td>
</tr>
</tbody>
</table>

A. 0.45  
B. 0.65  
C. 0.78  
D. 0.81

7. Determine SuperDuper Ltd.’s total asset turnover, if its net profit margin is 10 percent, total assets are RM25 million, and return on asset (ROA) is 15 percent.

   A. 1.5 times  
   B. 2.5 times  
   C. 3.5 times  
   D. 4.5 times

8. Sintobucks Company’s following information is available for the year 2012, calculate its gross profit margin:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>RM80,000</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(RM30,000)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(RM20,000)</td>
</tr>
<tr>
<td>Earnings before interest and tax</td>
<td>RM30,000</td>
</tr>
<tr>
<td>Tax (40%)</td>
<td>(RM12,000)</td>
</tr>
<tr>
<td>Net profit</td>
<td>RM18,000</td>
</tr>
</tbody>
</table>

A. 22.5%  
B. 37.5%  
C. 52.5%  
D. 62.5%

9. The percent of sales method can be used to forecast:

   A. Assets  
   B. Liabilities  
   C. Expenses  
   D. All of the above
10. When utilizing the percentage of sales method, the managers:

I. should estimate both net income and net cash flows
II. should consider the current production capacity level
III. should concern on those assets that vary directly with sales
IV. should estimate company’s sales based on its desired level of net income

A. I and II
B. II and III
C. III and IV
D. I and IV

11. FastTrekk has a 4.5 percent profit margin and a 15 percent dividend payout ratio. The total asset turnover is 1.6 and the debt-equity ratio is 0.60. What is the sustainable rate of growth?

A. 9.13 percent
B. 9.89 percent
C. 10.26 percent
D. 10.85 percent

12. Based on your answer for FastTrekk’s sustainable growth rate in Question 11, if your expected return is 10 percent, which decision is most appropriate?

A. Should invest
B. Should NOT invest
C. Reduce your expected return
D. Increase your expected return

13. Money that a firm A has in its possession today is _______ than money in the ________ because the money that the firm now has can be ________ and earn positive returns.

A. less valuable; past years; spent
B. more valuable; future; invested
C. less valuable; future; manipulated
D. more valuable; previous period; mobilized

14. Which of the following statements are TRUE?

I. Time value of money involves two major concepts: future value and present value.
II. Money has a time value because a Ringgit received today is worth more than the same Ringgit received in the future.
III. Compound interest is interest paid on both principal and accumulated interest and results in a greater future value than does simple interest.
IV. Future value is the amount to which a present amount of money or a series of payments will grow over time when compounded at a given interest rate.
15. As time increases for an amortized loan, the ________ decreases.

I. interest paid per payment
II. principal paid per payment
III. the outstanding loan balance
IV. the face value of the total principal

A. I only
B. I and II only
C. I and III only
D. I, II, and IV only

16. Which of the following statements are TRUE about amortized loan?

I. An amortization schedule shows the interest applied to a fixed interest loan and how the principal is reduced by payments.
II. The process of providing for a loan to be paid off by making regular principal reductions is called amortizing the loan.
III. An amortized loan involves a series of equal payments over the life of a loan, each of which includes both interest and principal payments.

A. II only
B. I and II only
C. I and III only
D. I, II, and III

17. The ________ of an asset is the change in value plus any cash distributions expressed as a percentage of the initial price or amount invested.

A. return
B. price
C. risk
D. probability

18. The ________ the coefficient of variation, the ________ the risk.

A. lower; lower
B. higher; lower
C. lower; higher
D. more stable; higher
19. During attending your interview session for the post of investment officer, you are given hypothetical investment information. Based on your knowledge gained from financial management course, which of the possible answers describes the historical beta for Alpha and Bravo?

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Annual Return</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market</td>
</tr>
<tr>
<td>1</td>
<td>0.03</td>
</tr>
<tr>
<td>2</td>
<td>-0.05</td>
</tr>
<tr>
<td>3</td>
<td>0.01</td>
</tr>
<tr>
<td>4</td>
<td>-0.10</td>
</tr>
<tr>
<td>5</td>
<td>0.06</td>
</tr>
</tbody>
</table>

A. $\beta_A > 0$; $\beta_B = 1$.
B. $\beta_A > +1$; $\beta_B = 0$.
C. $\beta_A = 0$; $\beta_B = -1$.
D. $\beta_A < 0$; $\beta_B = 0$.

20. Stock C has a beta of 1.5 and Stock D has a beta of 0.5. Which of the following statements must be TRUE about these securities? (Assuming that the market is in bullish trend)

A. The expected return on Stock D will be greater than that on Stock C.
B. The expected return on Stock C will be greater than that on Stock D.
C. Stock C would be a more desirable addition to a portfolio than Stock D.
D. Stock D would be a more desirable addition to a portfolio than Stock C.

21. In a well-diversified portfolio, which of the following is INCORRECT?

A. The beta of the portfolio is less than the beta of each of the individual stocks.
B. The riskiness of the portfolio is greater than the riskiness of one or two of the stocks.
C. The riskiness of the portfolio is less than the riskiness of each of the stocks held in isolation.
D. The beta of the portfolio is greater than the beta of one or two of the individual stocks' betas.

22. Net working capital’s components are:

I. Fixed assets
II. Current assets
III. Long-term debt
IV. Current liabilities

A. I and II
B. II and III
C. II and IV
D. I, III, and IV
23. Microsofd Inc. inventory turnover is 3.50, payable turnover is 2.30, and receivable turnover is 10.55. What is Microsofd's cash conversion cycle if there are 365 days per year?

A. (19.81) days  
B. (89.01) days  
C. 19.81 days  
D. 89.01 days  

24. A company currently has a 48 days cash conversion cycle. Assume the company changes its operations such that it decreases its receivables period by 2 days, increases its inventory period by 3 days, and increases its payables period by 4 days. What will the length of the cash cycle be after these changes?

A. 42 days  
B. 43 days  
C. 45 days  
D. 47 days  

25. Which of the following can be used to get short-term financing?

A. Bond  
B. Equity  
C. Treasury notes  
D. Bankers' acceptance  

26. The cash found in a cash drawer that a check-out clerk uses to make change is an example of which of the following motives for holding cash?

A. daily float  
B. speculative  
C. transaction  
D. compensating balance  

27. Float is defined as the _____________________________.

A. amount of cash a firm has on hand  
B. difference between book cash and bank cash  
C. change in a firm's cash balance from one accounting period to the next  
D. amount of cash a firm can immediately withdraw from its bank account  

28. Which one of the following statements is CORRECT?

A. Firms prefer a zero net float over a positive net float.  
B. Net float is equal to collection float minus disbursement float.  
C. Net float is equal to a firm's available balance minus its book balance.  
D. Net float decreases every time a firm issues a check to pay one of its suppliers.
29. Which one of the following statements is CORRECT?

A. Treasury bills are well suited for short-term investments.
B. Money market accounts are low-risk, high-return investments.
C. Short-term investments tend to have high levels of default risk.
D. The return earned on short-term securities normally exceeds the long-term securities’.

30. Money market securities include all of the following characteristics EXCEPT

A. long maturities
B. low default risk
C. low rates of return
D. high degree of liquidity

31. Baba Bhd. sells men’s suits. The store offers a 1 percent discount if payment is received within 10 days. Otherwise, payment is due within 30 days. This credit offering is referred to as the __________.

A. terms of sale.
B. credit analysis.
C. payables policy.
D. collection policy.

Questions 32 until 34 are based on the following information

<table>
<thead>
<tr>
<th>Age of Account</th>
<th>Amount (RM)</th>
<th>% of total value of account receivable</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10 days</td>
<td>60,000</td>
<td>60%</td>
</tr>
<tr>
<td>11-60 days</td>
<td>15,000</td>
<td>15%</td>
</tr>
<tr>
<td>61-80 days</td>
<td>20,000</td>
<td>20%</td>
</tr>
<tr>
<td>Over 80 days</td>
<td>5,000</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>100,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

32. Based on the above table, which statement is TRUE?

A. If the credit period of the company is 60 days, then 25% of its account are late
B. If the payable period of the company is 50 days, then 20% of its customers are late
C. If the credit period of the company is 60 days, then 80% of its customers pay on time
D. If the cash conversion cycle of the company is 80 days, then 25% of its account are late

7
33. If the industry credit period is 40 days, how can the company improve its credit collection?

I. Offer higher cash discounts.
II. Allow for longer credit period.
III. Increase the percentage of credit sales.
IV. Tightening the procedure in granting credit.

A. I & II  
B. I & IV  
C. I, II & III  
D. I, II, III & IV

34. If the credit period of the company is 50 days, using the 5 Cs credit analysis, the company could have

A. higher profit.  
B. lower liquid assets.  
C. excellent record in paying their loans.  
D. operating in the conducive and profitable industry.

35. Which of the following conditions need aggressive collection efforts?

A. Lower average collection period as compared to the industry average.  
B. 90 percent of your customers are paying within the credit period granted.  
C. The investment in account receivable is in accordance with the industry’s standard.  
D. The aging schedule shows that almost 80 percent of the accounts are beyond the credit period.

36. Which of the following types of business would you expect to have the largest percentage of their total assets invested in finished goods inventory?

A. Hotels  
B. Plantations  
C. Fast food restaurants  
D. Automobile dealerships
Question 37 and 38 are based on the following information.

A local computer repair shop uses 36,000 units of a part each year (an average of 100 units per working day). It costs RM20 to place and receive an order. The shop orders in lots of 400 units. It costs RM4 to carry one unit per year in inventory.

37. What is the reorder point, if the delivery time is three days?
   A. 100 units
   B. 200 units
   C. 300 units
   D. 400 units

38. Suppose that the usage of the part can be as much as 110 units per day, what are the safety stock and the new reorder point?
   A. 10 and 110 units respectively
   B. 20 and 220 units respectively
   C. 30 and 330 units respectively
   D. 40 and 440 units respectively

39. Cost of carrying inventory and inflation are ____________
   A. not related at all
   B. positively related
   C. negatively related
   D. exponentially related

40. The ABC approach to inventory management is based on the concept that:
   A. inventory should arrive just in time to be used.
   B. the inventory period should be constant for all inventory items.
   C. a small percentage of the inventory items probably represents a large percentage of the inventory cost.
   D. basic inventory items that are essential to production and also inexpensive should be ordered in small quantities only.
PART B: STRUCTURE

Answer ALL questions in this section in the space provided.

QUESTION ONE (15 MARKS)

a) Suppose you wish to have RM1.0 million at the end of 25 years from now. You are considering two options of investment.

<table>
<thead>
<tr>
<th>Alternative</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity cost</td>
<td>12% p.a</td>
<td>10% p.a</td>
</tr>
<tr>
<td>Discounted</td>
<td>annually</td>
<td>semiannually</td>
</tr>
</tbody>
</table>

Which one is the better option? (3 marks)

b) You can make two different investments. The amount that you will receive on the first investment is RM110 per year for three years. You will receive RM330 on the second investment in the third year and nothing in the first two years. If your required rate of return is 6 percent, what should you pay for each of these investments? (3 marks)
c) Aida is planning to deposit RM10,000 today into a bank account. Five years from today she expect to withdraw RM7,500. If the account pays 5 percent interest per year, how much will remain in the account eight years from today?

(3 marks)

d) Suppose you are 40 years old and plan to retire in exactly 20 years from now. You’ve just signed a contract to place certain amount of annual contribution in XYZ retirement scheme. You are expected to receive RM39,215 at your retirement age from the retirement scheme. According to your plan, 21 years from now you will need to withdraw RM5,000 per year from XYZ retirement fund to supplement your social security payments. Based on your family history, you expect to live up to the age of 85. How much money should you place in the retirement fund each year for the next 20 years to reach your retirement goal if you can earn 12% interest per year from the fund?

(3 marks)
e) You plan to invest RM2000 a year in one of the Malaysian unit trusts for the next 20 years. You would like to know the effect of investing this money at the beginning of each year rather than waiting until the end of each year. Calculate the difference in the future value of your investment for the next 20 years:

i) if annual investment is at the end of each period;
ii) if annual investment is at the beginning of each period

For both cases, assume a 10 percent interest rate is applied. (3 marks)
QUESTION TWO (10 MARKS)

a) ASAR Company plans to invest in one of two projects, each requiring the same initial investment. Estimates of next year’s return (cash flows) on these investments depend on the states of the economy and respective probability.

<table>
<thead>
<tr>
<th>State of the economy</th>
<th>Probability</th>
<th>Returns (RM'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Project A</td>
</tr>
<tr>
<td>Weak</td>
<td>0.2</td>
<td>800</td>
</tr>
<tr>
<td>Moderate</td>
<td>0.6</td>
<td>1,000</td>
</tr>
<tr>
<td>Strong</td>
<td>0.2</td>
<td>1,200</td>
</tr>
</tbody>
</table>

Calculate the expected returns for each project and determine which project is more attractive.

(4 marks)

b) Briefly explain what is the function of beta (β) of stock?

(2 marks)
c) A stock has an expected return of 14%, the risk free rate is 4% and the market risk premium is 6%. What must the beta of this stock be? 

(2 marks)

d) Based on the following information, briefly explain the volatility of each stock.

<table>
<thead>
<tr>
<th></th>
<th>BETA (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>1.0</td>
</tr>
<tr>
<td>Stock 1</td>
<td>2.0</td>
</tr>
<tr>
<td>Stock 2</td>
<td>0.5</td>
</tr>
<tr>
<td>Stock 3</td>
<td>0.0</td>
</tr>
<tr>
<td>Stock 4</td>
<td>-1.0</td>
</tr>
</tbody>
</table>

(2 marks)
QUESTION THREE (15 MARKS)

Omega Berhad’s projected sales for the first SIX (6) months of 2013 are as follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>Projected Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>RM306,000</td>
</tr>
<tr>
<td>February</td>
<td>RM1,000,000</td>
</tr>
<tr>
<td>March</td>
<td>RM540,000</td>
</tr>
<tr>
<td>April</td>
<td>RM960,000</td>
</tr>
<tr>
<td>May</td>
<td>RM1,200,000</td>
</tr>
<tr>
<td>June</td>
<td>RM450,000</td>
</tr>
</tbody>
</table>

20% of Omega’s sales are made in cash, another 30% are collected in the month following the sale, and the remaining 50% collected in the second month following the sale. November and December sales for year 2012 are RM800,000 and RM650,000 respectively.

Omega’s purchases raw material equal to 60% of sales and it makes its purchases two month in advance of sales. The supplier is paid one month after the purchase.

Fixed monthly expenses for Omega are:

i. Rentals  RM35,000
ii. Utilities RM20,000
iii. Depreciation RM15,000
iv. Salaries  RM80,000

In January, Omega expects to receive a RM25,000 dividend from its investment in a local mutual fund, while in February, Omega plans to re-new its insurance policy and has to pay 65,000 for that purpose. Omega also plans to pay its tax amounted to RM85,000 in March.

The company’s cash balance as at December 31, 2012 was RM105,000 and a minimum of RM80,000 must be maintained at all times. Assume that any interest from short term financing needed to maintain the minimum cash balance should be paid in the following month. Omega Berhad’s borrowing is subjected to 12% per annum interest rate.

Repayment for amount borrowed will take place if Omega’s ending cash balance is more than its minimum balance.

Prepare a cash budget for Omega Berhad from January until March 2013.
Answer for Question 3:
QUESTION FOUR (6 MARKS)

a. Briefly explain TWO (2) major reasons for holding cash.

(2 marks)

b. Ah Ling is planning to invest in the money market. As her financial consultant, briefly explain FOUR (4) characteristics of short term securities traded.

(4 marks)
QUESTION FIVE (7 MARKS)

a. Ahmad is a financial manager at ABC Bank. His current task is to evaluate a loan application from Sinar Harapan Sdn. Bhd, a company specializes in selling and distributing rice in Kedah. Using the 5 Cs credit analysis, advice Ahmad on what kind of questions he needs to ask in order to make a good credit assessment on Sinar Harapan Sdn. Bhd.

(3 marks)

b. You are the credit manager of ABC Company. Recently, the company asked you to analyze the current credit policy and proposing a new credit policy in three months. Briefly explain FOUR (4) factors that you should look in detail in analyzing the credit policy changes.

(4 marks)
QUESTION SIX (7 MARKS)

a. Keebok Inc., expects to sell 500 of its designer shoes every week. The store is open seven days a week and expects to sell the same number of shoes every day. The company has an EOQ of 350 suits and a safety stock of 100 units. Once the order is placed, it takes three days for Keebok to get the shoes in. How many orders does the company place per year? Assume that it is Monday morning before the store opens, and a shipment of shoes has just arrived. When did Keebok place its order?

(3 marks)

b. Fiesta Taco company purchases 10,000 boxes of ground beef each year. It costs RM10 to place each order and RM5 as the carrying cost for each box to be held as inventory.

i. What is the average inventory held during the day?
ii. What is the economic order quantity for the ground beef?

(4 marks)

END of QUESTIONS
LIST OF FORMULA

\[ FV_n = PV (1+i)^n \]

\[ PV = \frac{FV}{(1+i)^n} \]

\[ FV_A = PMT \left( \frac{(1+i)^n - 1}{i} \right) \]

\[ PV_A = PMT \left( \frac{1 - \frac{1}{(1+i)^n}}{i} \right) \]

\[ EAR = \left( \frac{1 + \text{quoted rate}}{m} \right)^m - 1 \]

\[ FV_n = PV \left( FVIF_{i,n} \right) \]

\[ CY = \frac{PMT}{V_s} \]

\[ PV = \frac{PP}{i} \]

\[ FV_n = PV \left( 1 + \frac{i}{m} \right)^m \]

\[ = \left( \frac{Q}{2} \right) C + \left( \frac{S}{Q} \right) Q \]

\[ \sigma = \sqrt{\sum_{i=1}^{n} (k_i - \bar{k})^2 P(k_i)} \]

\[ Q^* = \sqrt{\frac{2SO}{C}} \]

\[ \bar{k} = \sum_{i=1}^{n} X_i P(k_i) \]
## COMMON FINANCIAL RATIO

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Calculation</th>
</tr>
</thead>
</table>
| Current ratio                              | \[
|                                            | \frac{\text{Current asset}}{\text{Current liabilities}}      |
| Quick ratio                                | \[
|                                            | \frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}} |
| Inventory turnover                         | \[
|                                            | \frac{\text{Costs of goods sold}}{\text{Inventory}}          |
| Day's sales in inventory                   | \[
|                                            | \frac{365 \text{ days}}{\text{Inventory turnover}}            |
| Receivables turnover                       | \[
|                                            | \frac{\text{sales}}{\text{Account receivables}}              |
| Day's sales in receivables                 | \[
|                                            | \frac{365 \text{ days}}{\text{Receivables turnover}}          |
| NWC turnover                               | \[
|                                            | \frac{\text{Sales}}{\text{NWC}}                              |
| Fixed asset turnover                       | \[
|                                            | \frac{\text{Sales}}{\text{Net fixed asset}}                  |
| Total asset turnover                       | \[
|                                            | \frac{\text{Sales}}{\text{Total asset}}                      |
| Return on assets (ROA)                     | \[
|                                            | \frac{\text{Net income}}{\text{Total asset}}                 |
| Return on equity (ROE)                     | \[
|                                            | \frac{\text{Net income}}{\text{Equity}}                      |
| Price Earnings ratio                       | \[
|                                            | \frac{\text{Price per share}}{\text{Earnings per share}}     |
| Market to book ratio                       | \[
|                                            | \frac{\text{market value per share}}{\text{Book value per share}} |
| Internal growth rate                       | \[
|                                            | \frac{\text{ROA} \times b}{1 - \text{ROA} \times b}         |
| Sustainable growth rate                    | \[
|                                            | \frac{\text{ROE} \times b}{1 - \text{ROE} \times b}         |
| Period | 1%  | 2%  | 3%  | 4%  | 5%  | 6%  | 7%  | 8%  | 9%  | 10% | 11% | 12% | 13% | 14% | 15% | 16% | 17% | 18% | 19% | 20% | 21% | 22% | 23% | 24% | 25% | 26% | 27% | 28% | 29% | 30% | 31% | 32% | 33% | 34% | 35% | 36% |
|--------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

*The factor is zero to four decimal places.*
<table>
<thead>
<tr>
<th>Number of Payments</th>
<th>1%</th>
<th>2%</th>
<th>3%</th>
<th>4%</th>
<th>5%</th>
<th>6%</th>
<th>7%</th>
<th>8%</th>
<th>9%</th>
<th>10%</th>
<th>12%</th>
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**Note:** The table represents the Present Value of an Annuity of $1 per Period for r Periods using the formula:

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PVIFA = \frac{1 - (1 + i)^{-r}}{i}
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\*FVIFA \* = \*M/\*A\*P\*(1+\*i\*)^\*n\*