

City University
Department of Business Administration
Program: BBA, Summer-2021
Quiz Examination
FIN 201: Introduction to Finance

Time: 25 Minutes

Total Marks: 10

Answer all the following questions. The right-hand margin indicates full marks.

1. What is an annuity? Differentiate between an ordinary annuity and annuity due with proper elaboration. 5.0
2. Mr. Asif is considering two different savings plans. The first plan would have his deposit \$500 every six months, and he would receive interest at a 7 percent annual rate, compounded semiannually. Under the second plan he would deposit \$1,000 every year with a rate of interest of 7.5 percent, compounded annually. The initial deposit with Plan 1 would be made six months from now and, with Plan 2, one year hence. 5.0
 - i. What is the future value of the first plan at the end of 10 years?
 - ii. What is the future value of the second plan at the end of 10 years?