

## B-13.03

Review the discussion on present value from the textbook, and complete the following requirements (you will find it helpful to access the present value tables hyper-linked within the online version of the textbook).

- (a) Prepare basic calculations showing the current value of a \$25,000 sum to be received in 4 years. You may assume that 6% is the appropriate discount rate. For this requirement, do not refer to the present value table.
- (b) Verify your answer to part (a) by utilizing the appropriate present value factor from the applicable table.
- (c) Construct a table of basic calculations showing how much an annuity of \$25,000 received at the end of each year for four years is worth today. Assume a 6% discount rate. For this requirement, you may refer to the present value table for \$1 (but, do not utilize the annuity table).
- (d) Verify your answer to part (c) by utilizing the annuity present value factor from the applicable table.