

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 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.