Answer on Question #43950 – Economics - Economics of Enterprise

Calculate the future value at the end of year 3 of an investment fund earning 12 percent annual interest and funded with following end of year deposits: £750 in the end of year 1, £850 and at the end of year 2 and £950 at the end of year 3

Solution:

Future value can be calculated as follows: $FV=PV*(1+i)^{n.}$

Take into account end of year deposits.

End of 1st year=£750

End of 2nd year =750*(1+0.12)+850=840+850=1690

End of 3rd year=1690*(1+0.12)+950=1892.8+950=2842.8

Answer: £2842.8