

THE HONG KONG POLYTECHNIC UNIVERSITY
HONG KONG COMMUNITY COLLEGE

Subject Title : Principles of Financial Planning **Subject Code** : CCN2144

Session : Semester One, 2017/18

Numerical Answers

Question B1

The amount of interest you will owe at the end of the first year is \$372.16.

Question B2

The present value of the technology if the discount rate is 10 percent is \$36,363,636.40.

Question B3

The amount of your monthly payment is \$1,361.82.

Question B4

For Option 1, PV is \$1,201,180.55

For Option 2, PV is \$1,131,898.53

You should choose Option 1 because it has a higher present value.

Question B5

The rate can make breakeven is 16.89%

Question B6

Fraction is $49.72\% \approx 50\%$