Dear students

VERY IMPORTANT

No Tables will be provided in the examination paper – you must be able to calculate the factors with your financial calculator or with the formulas provided below:

Formulae

Annuity

Present value of an annuity of R1 per annum, receivable or payable for *n* years, commencing in one year, discounted at *r*% per annum:

$$PV = \frac{1}{r}\left[1 - \frac{1}{[1+r]^n}\right]$$

Perpetuity

Present value of R1 per annum, payable or receivable in perpetuity, commencing in one year, discounted at *r*% per annum:

$$PV = \frac{1}{r}$$

Growing Perpetuity

Present value of R1 per annum, payable or receivable, commencing in one year, growing in perpetuity at a constant rate of *g*% per annum, discounted at *r*% per annum:

$$PV = \frac{1}{r-g}$$

Good luck with your final examination preparations

Lecturers
MAC3702