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MGT411 Assignment 1 Solution

Fall 2026

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Fall 2026 | Total Marks: 10 | Due Date: 9 November 2026

Name: VU Learning Hub

ABC Bank reviews its investment and money data. The five parts below solve the time value of money and the money measures. Each part shows the formula and the full working.

Q1. Future Value

Future value tells the value of a deposit after a set time. Use the formula FV = PV x (1 + r)^n. PV is 200000. The rate r is 0.08. The years n are 3. Raise 1.08 to the power 3 to get 1.259712. Multiply 200000 by 1.259712 to get 251942.40. The deposit grows to Rs. 251942.40 in three years.

Q2. Present Value

Present value tells the value today of money due in the future. Use the formula PV = FV / (1 + r)^n. FV is 300000. The rate r is 0.10. The time n is 3 years. Raise 1.10 to the power 3 to get 1.331. Divide 300000 by 1.331 to get 225394.44. Rs. 300000 due after three years is worth Rs. 225394.44 today.

Q3. M1

M1 counts the most liquid money. Add currency with the public to checkable deposits to get M1. Currency with the public is 500 billion. Checkable deposits are 800 billion. Add the two parts to get 1300 billion. M1 equals Rs. 1300 billion.

Q4. M2

M2 adds savings deposits to M1. Add savings and other eligible deposits to M1 to get M2. M1 is 1300 billion. Savings deposits are 700 billion. Add the two parts to get 2000 billion. M2 equals Rs. 2000 billion.

Q5. M3

M3 adds large time deposits to M2. Add large time deposits and other eligible components to M2 to get M3. M2 is 2000 billion. Large time deposits are 400 billion. Add the two parts to get 2400 billion. M3 equals Rs. 2400 billion.