



$$a) i \quad a \left(\frac{r^n - 1}{1 - r} \right)$$

$$1000 \left(1 + \frac{6}{100} \right)^2$$

$$\approx 1000 (1.06)^2 \quad \frac{6}{100} = \$60$$

$\approx \$988$ the balance at beginning of second year.

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