Solution 1.30

A publicly traded construction company reported that it just paid off a loan that it received 1 year earlier. If the total amount of money the company paid was $1.6 million and the interest rate on the loan was 10% per year, how much money had the company borrowed 1 year ago?

Solution:

$$P + P(0.10) = 1,600,000$$
$$1.1P = 1,600,000$$
$$P = \$1,454,545$$