

46. Solution: A

Given the term of the loan is 4 years, and the outstanding balance at end of third year = 559.12, the amount of principal repaid in the 4th payment is 559.12. But given level payments, the principal repaid forms a geometric progression and thus the principal repaid in the first year is v^3 times the principal repaid in the fourth year = v^3 559.12. Interest on the loan is 8%, thus principal repaid in first year is $(1/(1.08)^3) * 559.12 = 443.85$