Practice worksheet | Investing and borrowing

Comparing investments

Name: _____ Date: _____

6 questions | 12 marks

1. Compare AUD 3000 for 2 years at 5% annual compound interest and 4.8% nominal compounded monthly. No fees. [2 marks]

2. A AUD 2500 account earns 4% simple interest for one year and charges AUD 12. Find its final amount. [2 marks]

3. For one year, A pays 3% simple interest/no fee; B pays 4% and charges AUD 18. Find the break-even starting amount. [2 marks]

4. A model predicts A exceeds B by AUD 4 after 2 years. Explain why a possible AUD 10 closing fee matters. [2 marks]

5. One account pays a fixed 4% for 2 years; another pays 5% only for the first year. Can a 2 year final comparison be determined? [2 marks]

6. Compare 10% total growth over 2 years with 12% total growth over 3 years using annualised rates. [2 marks]