Practice worksheet | Financial mathematics

Compound-interest revision

Name: _____ Date: _____

6 questions | 18 marks

1. Find the balance of AUD 3,400 after 5 years at 3.5% compounded annually. [3 marks]

2. AUD 900 grows to AUD 1,050. What interest has been earned? [3 marks]

3. An account reaches AUD 8,000 after 6 years at 5% compounded annually. Find its original principal. [3 marks]

4. AUD 2,000 earns a nominal annual rate of 6%, compounded monthly, for 2 years. Find the balance. [3 marks]

5. A model uses $B = 6000(1.02)^{8}$. State the periodic rate and the number of periods. [3 marks]

6. Compare AUD 5,000 invested for 4 years at 4% simple interest and at 4% annual compound interest. [3 marks]