Practice worksheet | Investing and borrowing

Compound interest and compounding periods

Name: _____ Date: _____

6 questions | 12 marks

1. Balance on AUD 1000 at 5% compounded annually for 2 years? [2 marks]

2. Compound interest on AUD 6000 at 4% annually for 3 years? [2 marks]

3. Balance on AUD 1500 at 8% nominal compounded half-yearly for 2 years? [2 marks]

4. Balance on AUD 8000 at 6% nominal compounded quarterly for 18 months? [2 marks]

5. Compare AUD 2000 at 10% simple and 10% annual compound interest after 2 years. [2 marks]

6. A monthly model uses $B_{next}=1.005\,B$. State monthly and nominal annual rates. [2 marks]