Practice worksheet | Investing and borrowing

Personal loans and comparing borrowing with saving

Name: _____ Date: _____

6 questions | 12 marks

1. Loan balance AUD 5000, monthly rate 0.6%, month-end payment AUD 250. Find the new balance. [2 marks]

2. A AUD 10000 loan incurs 0.5% monthly interest. What is the interest in its first month? [2 marks]

3. A AUD 10000 balance has 0.5% monthly interest and only AUD 40 repaid at month end. Does it fall? Find the new balance. [2 marks]

4. Find the balance after 3 monthly periods on AUD 2000 at 1% per month with AUD 300 month-end payments. [2 marks]

5. Cash price AUD 2200. A loan requires 24 payments of AUD 102 plus AUD 50 fee. Find the extra cost. [2 marks]

6. A comparison assumes a constant loan rate and unchanged future cash price. Give two reasons its actual outcome could differ. [2 marks]