Practice worksheet | Financial mathematics

Simple versus compound growth

Name: _____ Date: _____

6 questions | 14 marks

1. Find the yearly simple interest on 800 dollars at 6%. [2 marks]

2. Find the total after 4 years on 800 dollars at 6% simple interest. [2 marks]

3. Find the total after 2 years on 800 dollars at 6% annual compound interest. [2 marks]

4. Balances are 1000, 1040, 1080 at consecutive years. Identify the simple model rate.
[2 marks]

5. Compare simple and annual compound totals for 500 dollars at 10% annually for 2 years.
[3 marks]

6. Why do the two models agree after exactly one year when principal and annual rate match?
[3 marks]