Compound Interest and Financial Mathematics — Practice Test

Prince Edward Island Apprenticeship and Workplace Mathematics 11 • 10 questions

This practice test was made by AI and there may be mistakes. If a question or answer looks wrong, use the Flag a mistake button to let Brett know so he can fix it.

1 **An amount of 800 dollars is invested at 6 percent per year, compounded annually, for 2 years. What is the interest earned in dollars, to two decimal places**

ANSWER _____

Understand It with Pulse | Flag a mistake

2 **An amount of 1500 dollars is invested at 4 percent per year, compounded annually, for 2 years. What is the final amount in dollars, to two decimal places**

ANSWER _____

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3 **If a price rises by 10 percent, the new price is the old price times**

- A 0.10
- B 1.01
- C 0.90
- D 1.10

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4 **Inflation means prices generally**

- A fall over time
- B stay constant
- C become zero
- D rise over time

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5 **Overtime pay is usually paid at a rate**

A higher than the regular rate

B lower than the regular rate

C equal always

D zero

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6 **Simple interest on 2000 dollars at 5 percent for 3 years is**

A 100

B 300

C 500

D 200

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7 **The annual percentage rate on a loan is the**

- A monthly fee
- B total paid
- C yearly cost of borrowing as a percent
- D principal

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8 **The compound amount formula uses the principal times one plus the rate, raised to the power of the**

- A principal
- B rate
- C number of years
- D interest

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9 **Unit pricing compares products by cost per**

A package

B brand

C store

D unit of measure

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10 **An amount of 1500 dollars is invested at 4 percent per year, compounded annually, for 2 years. What is the interest earned in dollars, to two decimal places**

ANSWER _____

Understand It with Pulse | Flag a mistake

ANSWER KEY

1.	98.88	**5.**	A	**9.**	D
2.	1622.40	**6.**	B	**10.**	122.40
3.	D	**7.**	C		
4.	D	**8.**	C		

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