Compound Interest and Financial Mathematics — Practice Test

Prince Edward Island Apprenticeship and Workplace Mathematics 11 • 25 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 **A tool originally costs 240 dollars and is on sale for 25 percent off. What is the sale price in dollars**

ANSWER _____

Understand It with Pulse | Flag a mistake

2 **A worker earns 18 dollars per hour and works 35 hours in a week. What are the gross weekly earnings in dollars**

ANSWER _____

Understand It with Pulse | Flag a mistake

3 **An amount of 1000 dollars is invested at 5 percent per year, compounded annually, for 2 years. What is the final amount in dollars, to two decimal places**

ANSWER _____

Understand It with Pulse | Flag a mistake

4 **An amount of 1000 dollars is invested at 5 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

5 **A budget surplus can be used to**

A increase spending only

B borrow more

C pay tax only

D save or reduce debt

Understand It with Pulse | Flag a mistake

6 **A credit card minimum payment that covers only interest means the principal**

- A decreases quickly
- B does not decrease
- C is paid off
- D is forgiven

Understand It with Pulse | Flag a mistake

7 **A higher compounding frequency, with the same annual rate, gives a**

- A smaller final amount
- B same amount
- C zero amount
- D larger final amount

Understand It with Pulse | Flag a mistake

8 **A loan balance grows when payments are less than the**

A principal

B interest charged

C tax

D fees

Understand It with Pulse | Flag a mistake

9 **A paycheque deduction for income tax is an example of a**

A voluntary saving

B mandatory deduction

C discount

D bonus

Understand It with Pulse | Flag a mistake

10 **A 15 percent tip on a 40 dollar meal is**

- A 4
- B 15
- C 6
- D 60

Understand It with Pulse | Flag a mistake

11 **An emergency fund is money set aside for**

- A planned holidays only
- B tax only
- C unexpected expenses
- D interest

Understand It with Pulse | Flag a mistake

12 **An investment that doubles in value has grown by**

A 100 percent

B 50 percent

C 200 percent

D 10 percent

Understand It with Pulse | Flag a mistake

13 **Buying in bulk usually lowers the**

A unit price

B total price always

C quality always

D tax

Understand It with Pulse | Flag a mistake

14 **Compound growth grows faster than simple growth because earnings themselves earn**

A interest

B tax

C discount

D fees

Understand It with Pulse | Flag a mistake

15 **Compounding annually means interest is added**

A once per month

B once per year

C once per day

D never

Understand It with Pulse | Flag a mistake

16 **Gross pay minus deductions equals**

A gross pay

B tax

C net pay

D overtime

Understand It with Pulse | Flag a mistake

17 **If a price falls by 10 percent, the new price is the old price times**

A 0.90

B 0.10

C 1.10

D 1.01

Understand It with Pulse | Flag a mistake

18 **A tool originally costs 160 dollars and is on sale for 20 percent off. What is the sale price in dollars**

ANSWER _____

Understand It with Pulse | Flag a mistake

19 **A worker earns 20 dollars per hour and works 40 hours in a week. What are the gross weekly earnings in dollars**

ANSWER _____

Understand It with Pulse | Flag a mistake

20 **An amount of 500 dollars is invested at 4 percent per year, compounded annually, for 3 years. What is the final amount in dollars, to two decimal places**

ANSWER _____

Understand It with Pulse | Flag a mistake

21 **An amount of 500 dollars is invested at 4 percent per year, compounded annually, for 3 years. What is the interest earned in dollars, to two decimal places**

ANSWER _____

Understand It with Pulse | Flag a mistake

22 **A tool originally costs 90 dollars and is on sale for 10 percent off. What is the sale price in dollars**

ANSWER _____

Understand It with Pulse | Flag a mistake

23 **A worker earns 16 dollars per hour and works 30 hours in a week. What are the gross weekly earnings in dollars**

ANSWER _____

Understand It with Pulse | Flag a mistake

24 **An amount of 2000 dollars is invested at 3 percent per year, compounded annually, for 2 years. What is the final amount in dollars, to two decimal places**

ANSWER _____

Understand It with Pulse | Flag a mistake

25 **An amount of 2000 dollars is invested at 3 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. 180.00
2. 630
3. 1102.50
4. 102.50
5. D
6. B
7. D
8. B
9. B
10. C
11. C
12. A
13. A
14. A
15. B
16. C
17. A
18. 128.00
19. 800
20. 562.43
21. 62.43
22. 81.00
23. 480
24. 2121.80
25. 121.80

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