PRINCE EDWARD ISLAND FOUNDATIONS OF MATHEMATICS 12 · UNIT A · 10 QUESTIONS

Financial Mathematics — Practice Test

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 investment of 1200 dollars compounds annually at 5 percent per year for 3 years. The final amount in dollars is**

ANSWER _____

Understand It with Pulse | Flag a mistake

2 **Depreciation describes**

A. a rise in wages

B. a tax refund

C. an interest increase

D. a fall in asset value over time

Understand It with Pulse | Flag a mistake

3 **A bicycle priced at 200 dollars is discounted by 20 percent. The sale price in dollars is**

ANSWER _____

Understand It with Pulse | Flag a mistake

4 **A book priced at 40 dollars is taxed at 15 percent. The total price in dollars is**

ANSWER _____

Understand It with Pulse | Flag a mistake

5 **Compound interest differs from simple interest because it is calculated on**

A principal only

B tax only

C the discount only

D principal + past interest

Understand It with Pulse | Flag a mistake

6

Simple interest is calculated on

A the original principal only

B the changing balance

C the final amount

D the tax amount

Understand It with Pulse | Flag a mistake

7

The effective annual rate accounts for

A the down payment

B depreciation

C compounding within the year

D the sale price

Understand It with Pulse | Flag a mistake

8 **The present value of a future amount is**

A its future interest

B its sale price

C its value in todays dollars

D its value after tax

Understand It with Pulse | Flag a mistake

9 **An investment of 2500 dollars compounds annually at 10 percent per year for 2 years. The final amount in dollars is**

ANSWER _____

Understand It with Pulse | Flag a mistake

10 **An investment of 4000 dollars compounds annually at 5 percent per year for 2 years. The final amount in dollars is**

ANSWER _____

Understand It with Pulse | Flag a mistake

ANSWER KEY

1. 1389.15
2. D
3. 160
4. 46
5. D
6. A
7. C
8. C
9. 3025
10. 4410

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