



Supplemental Instruction Handouts

Business Math

Review of Chapters 6, 7 & 8

1. Calculate interest earned for an investment of \$300 from October 15, 2013 to April 27, 2014 with an annual interest rate of 9.25%.
2. Determine the principal to be deposited to earn \$55.75 in 185 days at 11%.
3. What is the annual interest rate earned from a \$1,500 investment that earned interest of \$33.29 in 85 days?
4. Determine the number of days it will take for \$2,500 to earn \$143.84 at 7.5%.
5. A loan of \$880 can be repaid in 15 months by paying the principal sum borrowed plus \$104.50 interest. What was the rate of interest charged?
6. In how many months will \$1,290 earn \$156.68 interest at 13.25%?
7. What amount of money will accumulate to \$1,000 if invested at 12.75% for 10 months?
8. If the maturity value of a \$2,400 investment for 15 months is \$2,715, what rate of interest did this investment earn?
9. If an investment of \$1,254.07 grew to \$1,330 at a rate of 13%. How many days did it take?

Use the following information for the next 2 questions:

If you make an investment of \$15,000 in a 90 – day term deposit paying interest at 3.3%.

10. What will be the maturity value?
11. If upon maturity you decide to “roll it over” into a 120 – day term deposit paying an interest of 2.9%, what will be the maturity value?

12. Calculate the price of a \$50,000, 91 – day Province of Manitoba Treasury bill on its issue date if the current market rate of return is 2.5849%.
13. If Joelle purchased a \$25,000, 182 – day T – bill discounted to yield 4.25% and sold it 35 days later to yield 3.5% how much did Joelle earn?
14. What will \$5,000 grow to if it is invested at an interest rate of 10.5% compounded annually for 5 years? Calculate the interest earned.
15. If you invested \$1,500 today, what would it grow to in 7 years? The interest rate for the first 3.75 years was 3.579% compounded monthly and 4.961% compounded quarterly for the rest of the 3.25 years.
16. Glen made two deposits into his savings account. The first deposit of \$500 was put in today and the second deposit of \$1,200 is to be paid 18 months from today. How much would Glen have in his savings account four years from today? Interest is 8.2% compounded quarterly for the four years.
17. What amount paid today will be worth \$10,500 in 15 months if interest is 5.6% compounded monthly? How much of a discount did you receive?
18. Andrew wants to have \$100,000 in three years. He will put \$25,000 into the investment at 18 months. During the next three years interest rates are going to be 3.25%, 3.75% and 3.50% compounded semiannually. How much would he have to invest today?
19. George is required to make a payment of \$600 today and a second payment of \$1,000 in 15 months. George has worked out an alternate plan with the creditor to make a payment of \$500 in 6 months and an unknown payment in 24 months. How much of a payment would the creditor accept at 24 months if money is worth 5.651% compounded quarterly?
20. Your bank is willing to offer you a line of credit of \$15,000 at prime plus 1%. You will pay your bank any accrued interest on the last day of each month. On August 12th you draw \$5,000 and make a payment of \$3,000 on September 20th. How much interest would you have to pay for August and September? The interest rate was 2% for August and September.