Unit 3 Finance Math Review Questions for Test

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|  | Coupon Rate | Market Value | Yrs. To Maturity | Face Value |
| A | 13.25% | 94.01% | 3 | $1500 |

a) What is the coupon value of each of the following bonds every six months?

b) What is the coupon value of each of the following bonds every year?

1. What is the Market Price Capital of the following bonds?
2. What is the Gain or Loss per Year for the following bonds?
3. What is the Return per Year for the following bonds?
4. What is the Average Price of Bond of the following bonds?
5. What is the Yield of the following bonds?
6. You invest $2000 at 8.09% per year compounded monthly. If you invest the money for 6 years at this rate what is the future value of the investment? AND How much interest did you make?
7. Your investment is currently worth $1 980.85. If your original principal was compounded biweekly for 6 years at 11.6%, what was the original principal?
8. You invest $25 000 for 10 years compounded quarterly. The future value of your investment is

$12 721.15. What was the annual interest rate that was applied?

1. Garrett bought a $4000 7.95 % bond bearing coupons payable semi-annually on June 30th and Dec. 31st at 111.15%. What would the cost be if he bought the bond on April 19th?
2. Using the rule of 72: Approximately how long will it take for Harrison’s investment of $2500 to double if it was expected to have an interest rate of 8.25%?
3. Fill out the table below.

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| **Face Value**  | **Interest Rate** | **Last Interest Payment Date** | **Purchase - Selling Date** | **Market Price** | **# Days Owed Interest** |  **Market Cost**  |  **Accrued Interest**  |  **Total Cost - Proceeds**  |
|  $3,000  | 9.09% | January 1, 2016 | May 10, 2016 | 96.085% |  |  |  |  |
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1. You deposit $1200 in a savings account that pays 7.5% a year compounded semi-annually, what is the effective rate of interest?
2. Using simple interest find the answers to the following:
3. If you deposit $1000 in an account that pays 7.75% per annum for 210 days, how much will you have at the end of this term?
4. If you deposit $7680 and after 4 months you have $7902, what is the interest rate?
5. A $2000 face value bond can be purchased today for $2062.50 with a 10.5% coupon paid semi-annually. What is the current yield for this bond? (use one decimal place for final answer) (2 points)

CY = annual dollar interest paid / market price x100%

CY = [(0.105)(2000)]/2062.50 = 0.10182 x 100% = 10.18%