Congratulations! You passed!

Grade received 100% To pass 80% or higher

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1. A loan for $1000 accrues 10% interest per annum and is paid back over 5 years with 5 equal payments at the end of each year. The total amount of repayments will be **=PMT(10%,5,1000)*5**. If instead the loan is paid back with equal payments at the end of each month instead of each year, which formula could give the total amount of repayments? **1 / 1 point**

- =PMT(10%/12,5*12,1000)*5
- (•) =PMT(10%/12,5*12,1000)*5*12
- =PMT(10%/12,5,1000)*5
- =PMT(10%,5*12,1000)*5*12

Correct
Yes, this is correct. Since this question asks for 60 payment periods each of 1 month in length, we need to make sure that our **interest rate** and **nper** arguments are both expressed as monthly values, and that we count 60 payments in total.

2. What does the optional **[FV]** argument do in the **PMT** function? **1 / 1 point**

- Calculates the future value of an investment with constant periodic payments or a single lump sum payment and a constant interest rate
- Allows us to specify if payments are made at the start or end of each period
- (•) Allows us to specify the balance to be attained after the last payment is made
- Allows us to specify the total amount that the series of future payments is worth now

Correct
Yes, this is the correct answer. You have define the optional argument correctly.

3. We have a loan for $1000 at 5% interest per annum and a 5 year term that we repay with constant payments each month.
If we reduce the term of our loan schedule but leave the other variables the same, we will pay more per month. Will our total projected interest paid over the life of the loan go up, go down or stay the same? **1 / 1 point**

- It will go up.
- (•) It will go down.
- It depends on what day of the month payments are made.
- It will stay the same.

Correct
Yes, this is correct. Did you work out the answer in Excel?

4. Which of the situations would be best suited to use with the **PMT** function? **1 / 1 point**

- We want to calculate the interest due in the specified month of a 10 year loan that has fixed monthly repayments
- (•) We want to calculate the fixed monthly repayments of a car loan.
- We want to calculate how much to deposit now in to a bank account so that it will grow to $1000 in 5 years due to interest alone.
- We want to calculate the value of a bank account in 5 years that we make constant monthly deposits in to.

Correct
Yes, this is correct. This is a good scenario to use the **PMT** function for.