

Solution 1.51

Emily and Madison both invest \$1000 at 10% per year for 4 years. Emily receives simple interest and Madison gets compound interest. Use a spreadsheet and cell reference formats to develop relations that show a total of \$64 more interest for Madison at the end of the 4 years. Assume no withdrawals or further deposits are made during the 4 years.

Solution:

Spreadsheet shows relations only in cell reference format. Cell E10 will indicate \$64 more than cell C10.

	A	B	C	D	E
1	Initial amount =	1000		i =	0.1
2					
3		Simple		Compound	
4	Year	Interest, \$	Total, \$	Interest, \$	Total, \$
5	0		= \$B\$1		= \$B\$1
6	1	= \$B\$1*\$E\$1	= C5 + B6	= \$E5 * \$E\$1	= E5 + D6
7	2	= \$B\$1*\$E\$1	= C6 + B7	= \$E6 * \$E\$1	= E6 + D7
8	3	= \$B\$1*\$E\$1	= C7 + B8	= \$E7 * \$E\$1	= E7 + D8
9	4	= \$B\$1*\$E\$1	= C8 + B9	= \$E8 * \$E\$1	= E8 + D9
10	Total	=SUM(B6:B9)	= C9	=SUM(D6:D9)	= E9