

NAME _____

DATE _____

SIMPLE INTEREST

Money that is borrowed from a bank, credit union, or any other financial institution is charged. Similarly, money that is deposited into an account at a bank, credit union, or any other financial institution receives an interest

The sum borrowed is called the Principal (P).

The interest is calculated as a % of the Principal and is called the Rate (R)

The extra sum paid or charged is the Interest or Simple Interest (S.I or I)

Example:

Calculate the interest (I) paid on a loan of \$1300 at a rate of 2% per annum for period of 2 year (T). Calculate the amount that is to be paid.

Interest on \$1300 at 2% for 2 year

$$I = \frac{PRT}{100}$$

$$I = (1300 \times 2 \times 2) / 100 = 5200 / 100 = \$52$$

$$\text{Amount to be paid} = \$1300 + \$52 = \$1352$$

EXERCISES

There are 6 questions in this exercise.

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1. QUESTION



Mr. Williams deposited \$4600 in the bank when the rate of interest was 6% per annum. How much interest would he receive after 3 years?

$$I = (PRT) \div 100$$

Amount of interest after 3 years =

Answer = _____

2. QUESTION

Sammy borrowed money for a bicycle. He intends to pay an interest of \$340 for a period of 2 year at an interest of 10% per annum.

What sum of money did Sammy borrow?



$$I = (PRT) \div 100$$

$$\$340 = (P \times 10 \times 2) \div 100$$

Answer = Sammy borrowed _____

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3. QUESTION

Mr. Harry took a loan from the bank to purchase a car. he was given four years to repay the loan and the interest amounted to \$9000 charged at a rate of 8% per annum. How much money did he borrow?

$$I = (PRT) \div 100$$

Answer = Mr. Harry borrowed _____

4. QUESTION

Complete the simple interest table below.

Principal	Rate	Time	Interest p.a.	Amount
\$200	5%	3 years		
	10%	6 months	\$18	
\$800		5 years		\$1280

5. QUESTION

Mark has save \$7000 in a bank for the past 30 months at 11% per annum. How much interest has he earned to date?

$$I = (P \times R \times T) \div 100$$

Answer = _____

6. QUESTION

Jillian wants to buy a new phone worth \$1200. She had deposited \$800 in an account at a rate of 8% per year for 3 years. Does she have enough to buy the new phone? Yes or no?

Answer = _____