Simple interest

ANSWERS

1

Mia invests £600 at 4% simple interest a year. How much is it worth after 3 years?

£600	£24	£24	£24
Start	Year 1	Year 2	Year 3

Answer £672

interest for one year: 1% = £6, 4% of £600 = £24

the same every year: £24 × 3 = £72

add it to the start: £600 + £72 = £672

2

Owen invests £300 at 5% simple interest a year. How much is it worth after 4 years?

£300	£15	£15	£15	£15
Start	Year 1	Year 2	Year 3	Year 4

Answer £360

interest for one year: 1% = £3, 5% of £300 = £15

the same every year: £15 × 4 = £60

add it to the start: £300 + £60 = £360

3

Priya invests £1100 at 2% simple interest a year. How much is it worth after 5 years?

£1100	£22	£22	£22	£22	£22
Start	Year 1	Year 2	Year 3	Year 4	Year 5

Answer £1210

interest for one year: 2% of £1100 = £22

the same every year: £22 × 5 = £110

add it to the start: £1100 + £110 = £1210

4

Luca invests £350 at 4% simple interest a year. How much is it worth after 5 years?

Answer £420

interest for one year: 4% of £350 = £14

the same every year: £14 × 5 = £70

add it to the start: £350 + £70 = £420

5

£800 is saved at 3% simple interest a year. How much interest does it earn in 1 year and 6 months?

£800	£24	£12
Start	Year 1	6 months

Answer £36

3% of £800 = £24

half of £24 = £12

£24 + £12

6

Ava finds the simple interest on £1500 at 4% a year for 2 years.
Her working is shown.
Explain her mistake, and find the right interest.

Year 1: 4% of £1500 = £60
Year 2: 4% of £1560 = £62.40
Total: £122.40

Answer £120

year 2 should be on £1500, not £1560

£60 × 2

7

Leon borrows £700 at 6% simple interest a year. He pays it all back, with the interest, after 2 years.
How much does he pay back?

Answer £784

6% of £700 = £42

£42 × 2 = £84

£700 + £84

8

Nadia saves £600 at 2% simple interest a year. How many years will it take to earn £84 of interest?

Answer 7 years

2% of £600 = £12

£84 ÷ £12

Simple interest *further practice*

ANSWERS

9

£1400 is invested at 3% simple interest a year. How much is it worth after 4 years?

3% of £1400 = £42

£42 × 4 = £168

£1400 + £168

Answer £1568

10

£250 is invested at 8% simple interest a year. Complete the table to show how much it is worth.

End of year 1	End of year 2	End of year 3
£270	£290	£310

11

Kemi puts £900 in a savings account that pays 4% simple interest a year. How much interest does she earn in 3 months?

4% of £900 = £36 a year

3 months is a quarter of a year

£36 ÷ 4

Answer £9

12

Grace invests £500 for 4 years at a simple interest rate. She earns £60 of interest altogether. What is the rate of interest each year?

one year: £60 ÷ 4 = £15

1% of £500 = £5

£15 ÷ £5

Answer 3%

13

Sanjay can save £1200 for 2 years at 5% simple interest a year, or for 3 years at 3% simple interest a year. Which earns more interest, and by how much?

2 years at 5%: £60 × 2 = £120

3 years at 3%: £36 × 3 = £108

Answer 2 years at 5%, by £12

14

A club puts £2400 in the bank at 1.5% simple interest a year. How much is in the account after 5 years?

1.5% = £24 + £12 = £36

£36 × 5 = £180

£2400 + £180

Answer £2580

15

Some money is invested at 5% simple interest a year. In one year it earns £35 of interest. How much money was invested?

5% is £35

1% is £7

100% is £700

Answer £700

16

Dev says, "£1000 at 4% simple interest a year earns the same interest as £2000 at 2%, over 6 years." Is Dev right? Explain.

4% of £1000 = £40 a year

2% of £2000 = £40 a year

both earn £40 × 6 = £240

Answer Yes, both earn £240