

1. Simple Interest

Interest is either:

- The cost of borrowing money or;
- The return on investing money

$$I = PRN$$

I is the interest amount

P is the principal amount

R is the interest RATE (usually in per annum)

N is the time involved (must the same unit as the rate, usually p.a.)



➤ Finding Interest Amount

Calculate the simple interest on:

a) \$789 invested on 4.5 years at 5.5% p.a.

\$195.28

b) \$8200 borrowed for 5 month at 3% p.a.

\$102.50

c) \$1500 invested on 45 days at 12.5% p.a.

\$23.12

d) \$5000 borrowed for 17 weeks at 9.2% p.a.

\$150.38

e) \$12 000 invested on 3 years at 2% per month

\$8,640

f) \$9700 invested on 465 days at $5\frac{1}{2}\%$ p.a.

\$679.66

Annie invests \$22, 000 at a rate of 4% p.a., for 27 months. Calculate the simple interest and the amount available at the end of 27 months.

\$23,980

Wally invests \$15,000 at a rate of 6% p.a. for 3 years. Calculate the simple interest and the amount available at the end of 3 years.

\$17,700

Jack borrowed \$14,695 at 8% p.a. simple interest for 5 years so that he could buy a car. At the end of the 5 years, both interest and loan had been paid

- a) How much interest was charged?

\$5,878

- b) How much was paid back altogether?

\$20,573

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