GENMATHS RESOURCES

SIMPLE INTEREST

Task 1 – Calculate the simple interest on:

1) £500 at 4% per year for 3 years **£60**
2) £1,200 at 5% per year for 2 years **£120**
3) £800 at 3.5% per year for 4 years **£112**
4) £2,000 at 6% per year for 5 years **£600**
5) £350 at 2% per year for 10 years **£70**

Task 2 – Calculate the final amount earned when simple interest is paid on:

6) £900 at 4% per year for 3 years **£1008**
7) £1,500 at 5% per year for 2 years **£1650**
8) £2,400 at 6% per year for 1 year **£2544**
9) £1,000 at 7.5% per year for 4 years **£1300**
10) £2,800 at 2.5% per year for 5 years **£3150**

Task 3

11) Sophie invests £2,000 in a savings account paying 4% simple interest per year. How much interest does she earn after 3 years, and what is the total amount in her account?
Interest earned = £2000 × 0.04 × 3 = **£240**
Total amount = £2000 + £240 = **£2240**

12) A car loan of £6,000 is taken out at 5% simple interest per year. How much interest is paid over 4 years? What is the total repayment amount?
Interest earned = £6000 × 0.05 × 4 = **£1200**
Repayment = £6000 + £1200 = **£7200**

13) Ben borrows £1,200 from a friend. He agrees to pay 3% simple interest per year. If he takes 5 years to pay it back, how much interest will he pay in total?
Interest paid = £1200 × 0.03 × 5 = **£180**

14) £800 is invested in a bank at 2.5% simple interest per year for 6 years. Calculate the interest earned and the ending total balance.
Interest earned = £800 × 0.025 × 6 = **£120**
Total balance = £800 + £120 = **£920**

15) A school saves £5,000 to buy new computers. They place it in an account earning 2% simple interest per year for 2 years before spending it. If each computer costs £400, how many can the school buy?
Interest = £5000 × 0.02 × 2 = £200
Total = £5000 + £200 = £5200
Number of computers = £5200 ÷ £400 = 13
The school can buy 13 computers.

16) A shop takes a £4,000 business loan at 6% simple interest per year. If the loan is repaid after 18 months, how much interest is paid?
18 months = 1.5 years
Interest paid = £4000 × 0.06 × 1.5 = **£360**

17) James invests £3,500 at 4% simple interest for 4 years. He spends half of the interest earned on a holiday. How much money does he spend on the holiday?
Interest earned = £3500 × 0.04 × 4 = £560
Holiday fund = £560 ÷ 2 = **£280**

18) Ella borrows £2,500 from the bank at 5% simple interest per year for 3 years. Ella will pay £500 each year towards the loan. At the end of the 3 years, she will repay the remaining balance in full. What is the remaining balance?
Interest = £2500 × 0.05 × 3 = £375
Total owed = £2500 + £375 = £2875
Remaining balance = £2875 – (£500 × 3) = **£1375**

19) A charity receives a £10,000 donation and invests it at 2% simple interest per year for 4 years before spending it. They spend 60% of the total final amount on a community event. How much money is spent on the event?
Interest earned = £10000 × 0.02 × 4 = £800
Final amount = £10000 + £800 = £10800
Amount spent = £10800 × 0.6 = **£6480**