Simple interest: 10 practice questions

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Name: _____ Date: _____

Attempt all questions and show your working. Suggested time: 15 to 20 minutes.

Section A: Consolidating (Questions 1-4)

Question 1

Find the simple interest earned when $2000 is invested at 5% per annum for 3 years.

Question 2

Jess invests $800 at 4% per annum simple interest for 1 year.

(a) How much interest does she earn?

(b) What is the total value of her investment at the end of the year?

Question 3

(a) Write 18 months in years.

(b) Write 6.5% as a decimal.

(c) Write 9 months in years.

Question 4

Find the simple interest and the total amount when $5000 is invested at 3% per annum for 4 years.

Section B: Standard (Questions 5-10)

Question 5

Copy and complete the table using the simple interest formula I = PRT.

Principal	Rate per annum	Time	Interest
$1200	6%	2 years	☐
$4500	3.5%	3 years	☐
$10 000	4.2%	6 months	☐
$750	8%	30 months	☐

Question 6

An investment of $3000 earns $360 in simple interest over 4 years. Find the annual interest rate.

Question 7

How many years will it take for $2500 invested at 4% per annum simple interest to earn $500 in interest?

Question 8

An investment earns $630 in simple interest over 3 years at 3.5% per annum. How much money was invested?

Question 9

Mia borrows $4800 to buy a used car. She is charged simple interest at 7.5% per annum, and she repays the loan over 2 years.

(a) How much interest does Mia pay?

(b) What is the total amount Mia repays?

(c) Mia repays the total in 24 equal monthly instalments. How much is each instalment?

Question 10

Noah has $8000 to invest and two options for simple interest.

- Option A: 4% per annum for 5 years.
- Option B: 4.5% per annum for 4 years.

(a) Find the interest earned with each option.

(b) Which option earns more interest, and by how much?

Simple interest: answers

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Question 1

Answer: $300 (2000 × 0.05 × 3)

Question 2

Answer: (a) $32 (b) $832

Question 3

Answer: (a) 1.5 years (b) 0.065 (c) 0.75 years

Question 4

Answer: interest $600, total $5600

Question 5

Answer: $144; $472.50; $210; $150

Question 6

Answer: 3% per annum (R = (360)/(3000 × 4))

Question 7

Answer: 5 years (T = (500)/(2500 × 0.04))

Question 8

Answer: $6000 (P = (630)/(0.035 × 3))

Question 9

Answer: (a) $720 (b) $5520 (c) $230

Question 10

Answer: (a) Option A $1600; Option B $1440 (b) Option A, by $160