Lesson 5: Simple Interest

Year 10 Mathematics Unit 1 — Block A | Worksheet

Name _____ Date _____ Class _____

Multiple Choice

Q1. Zac invests $4,500 at 4.5% per annum simple interest for 3 years. How much interest does he earn?

A) $607.50 B) $5,107.50 C) $202.50 D) $540.00

Q2. How long will it take $6,000 to grow to $7,800 at 5% p.a. simple interest?

A) 5 years B) 6 years C) 4 years D) 7.8 years

Q3. What principal amount invested at 3.5% p.a. simple interest for 4 years earns $420 in interest?

A) $3,000 B) $4,200 C) $2,940 D) $3,500

Q4. Which investment earns more simple interest: $5,000 at 4% for 5 years, or $5,000 at 5% for 4 years?

A) 4% for 5 years B) 5% for 4 years C) They earn the same D) Cannot determine

Q5. A term deposit pays 3.2% p.a. simple interest. If $8,000 is invested, which statement is true after 2.5 years?

A) Interest = $640, Total = $8,640 B) Interest = $256, Total = $8,256

C) Interest = $800, Total = $8,800 D) Interest = $512, Total = $8,512

Short Answer

Q6. Calculate the simple interest earned on $12,000 invested at 3.8% p.a. for 4 years. *(2 marks)*

Q7. Sarah wants to earn $2,000 in simple interest over 5 years. The bank offers 4% p.a. How much must she invest? *(3 marks)*

Q8. Explain why simple interest is called "simple" and describe a situation where it is more appropriate than compound interest. *(3 marks)*

Key Formulas

- Write any formulas you need here.