THIRD SPACE LEARNING

GCSE Exam Questions

Simple Interest | Number

GCSE Exam Questions: Simple Interest

1) **(a)** Isla would like to save £2,500. She has two account options:

Account A: 0.5% simple interest every 2 months
Account B: 5% simple interest per year.

Which account will give her the best return on her savings?

Give a reason for your answer.

(2)

(b) Using your answer to part (a), how much money would Isla have in the account after 5 years with no withdrawals?

(2)

(4 marks)

GCSE Exam Questions: Simple Interest

2) (a) The value of shares in a stock market reduces by 9.5% every 30 seconds, simple interest.
Initially the shares are worth £400.
Calculate the value of the shares after 1 minute.

(3)

2) (b) Calculate the time needed to increase the value back to £400
with a simple interest rate of 3% every minute.

(3)

(6 marks)

3) Tom invests £3,000 in a savings account which has a simple interest rate of 2.5% per year.

Jane invests £5,000 in a different savings account which has a simple interest rate of 1.2% per year.

Find the difference in their investments after 5 years.

(5 marks)

GCSE Exam Questions: Simple Interest

4) **(a)** Find the simple interest rate which increases an investment of £4,000 to £4,576 over a period of 9 years.

(3)

(b) An investment is worth £8,000 after 15 years in a simple interest savings account.

If the interest rate was 4%, find the value of the initial investment.

(3)

(6 marks)

GCSE Exam Questions: Simple Interest Answers

	Question	Answer	Marks
1) (a)	Isla would like to save £2,500. She has two account options: Account A: 0.5% simple interest every 2 months Account B: 5% simple interest per year. Which account will give her the best return on her savings? Give a reason for your answer.	$0.5 \times 6 = 3\%$ per year Account B	**(1)** **(1)**
1) (b)	Using your answer to part (a), how much money would Isla have in the account after 5 years with no withdrawals?	$2500 \times (0.05 \times 5)$ **or** 2500×0.25 = £3,125	**(1)** **(1)**
2) (a)	The value of shares in a stock market reduces by 9.5% every 30 seconds, simple interest. Initially the shares are worth £400. Calculate the value of the shares after 1 minute.	19% reduction 40×0.81 = £324	**(1)** **(1)** **(1)**
2) (b)	Calculate the time needed to increase the value back to £400 with a simple interest rate of 3% every minute.	£76 required $75 \div (324 \times 0.03)$ 7.82 minutes	**(1)** **(1)** **(1)**
3)	Tom invests £3,000 in a savings account which has a simple interest rate of 2.5% per year. Jane invests £5,000 in a different savings account which has a simple interest rate of 1.2% per year. Find the difference in their investments after 5 years.	$3{,}000 \times (1 + 0.025 \times 5)$ = £3,375 $5{,}000 \times (1 + 0.012 \times 5)$ = £5,300 Difference = £1,925	**(1)** **(1)** **(1)** **(1)** **(1)**
4) (a)	Find the simple interest rate which increases an investment of £4,000 to £4,576 over a period of 9 years.	$576 \div 9 = 64$ $\frac{64}{4000} \times 100$ = 1.6%	**(1)** **(1)** **(1)**
4) (b)	An investment is worth £8,000 after 15 years in a simple interest savings account. If the interest rate was 4%, find the value of the initial investment.	$0.04 \times 15 = 0.6$ $8{,}000 \div 1.6$ = £5,000	**(1)** **(1)** **(1)**

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