1 Complete these conversions.

a 1 year = ☐ months **b** 36 months = ☐ years

c 18 months = ☐ years **d** 52 months = ☐ years

2 $12 000 is invested at 6% p.a. for 42 months.

a What is the principal amount? **b** What is the interest rate?

c What is the time period in years? **d** How much interest is earned each year?

3 Use the rule $I = \frac{Prt}{100}$ to find the simple interest (I) earnt in these financial situations.

I = interest
P = principal
r = interest rate
t = time (years)

a $P = \$10\,000, r = 10, t = 3$

b $P = \$6000, r = 12, t = 5$

c $P = \$5200, r = 4, t = 2$

d $P = \$3500, r = 6, t = 1\frac{1}{2}$

4 Jann earns $560 p.a. in simple interest on an investment. How much would he earn on the investment in:

a 2 years? **b** 5 years? **c** 10 years?

Calculate the simple interest earned if the principal is $1000, the rate is 5% p.a. and the time is 3 years.

Solution	Explanation
$P = 1000, r = 5, t = 3$	List the information given.
$I = \frac{Prt}{100}$	Write the formula and substitute the given values.
$= \frac{1000 \times 5 \times 3}{100}$	Cancel.
$= 150$	
Interest = $150	Answer the question.

5 Find the simple interest earned on:

a $5000 at 6% p.a. for 1 year

b $5000 at 6% p.a. for 3 years

c $8000 at 4% p.a. for 5 years

d $15 000 at 3% p.a. for 7 years

e $7250 at 5.5% p.a. for 3 years

6 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.

Amount = principal + interest