

# Compound Interest Answers

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1. Bob saves £5,000 at a 10% interest rate. What is the amount he will have after 5 years?

$$5000 \times 1.10^5 = \mathbf{\pounds 8052.55}$$

(this can also be worked out by doing  $5000 \times 1.10$  then the previous answer  $\times 1.10$  4 times.)

2. Georgina saves £2,000 at a 1% interest rate. What is the amount she will have after 3 years?

$$2000 \times 1.01^3 = \mathbf{\pounds 2060.60}$$

(£2060.602 is also a correct answer for this question.)

If needed, round your answers up to 2 decimal places. (eg. 33.3333... becomes 33.33)

3. Tim saves £3,500 at a 4% interest rate. What is the amount he will have after 7 years?

$$3500 \times 1.04^7 = \mathbf{\pounds 4605.76}$$

4. Hannah borrows £7,500 at a 15% interest rate over 2 years. What is the amount she will have to pay back?

$$7500 \times 1.15^2 = \mathbf{\pounds 9918.75}$$

5. Jane borrows £10,000 at a 5% interest rate over 12 years. What is the amount she will have to pay back?

$$10000 \times 1.05^{12} = \mathbf{\pounds 17,958.56}$$

6. Gilbert borrows £25,738 at a 12% interest rate over 3 years. What is the amount he will have to pay back?

$$25738 \times 1.12^3 = \mathbf{\pounds 36,160.04}$$

7. Stephanie borrows £30,000 at a 15.5% interest rate over 4 years. What is the amount she will have to pay back?

$$30000 \times 1.155^4 = \mathbf{\pounds 53,388.68}$$

8. Joseph borrows £20,250 at a 7.25% interest rate over 2 years. What is the amount he will have to pay back?

$$20250 \times 1.0725^2 = \mathbf{\pounds 23,292.69}$$

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