

SMART EXAM RESOURCES

TOPIC : NUMBERS

SUB-TOPIC: SIMPLE INTEREST & COMPOUND INTEREST

SET-1-QP-MS

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NORTH EASTERN BANK
SAVINGS ACCOUNT
5%
Per Year
Simple Interest

SOUTH WESTERN BANK
SAVINGS ACCOUNT
4.9%
Per Year
Compound Interest

Kalid and his brother have \$2000 each to invest for 3 years.

- (a) North Eastern Bank advertises savings with **simple** interest at 5% per year.
Kalid invests his money in this bank.
How much money will he have at the end of 3 years?

Answer(a)\$ [2]

- (b) South Western Bank advertises savings with **compound** interest at 4.9% per year.
Kalid's brother invests his money in this bank.
At the end of 3 years, how much **more** money will he have than Kalid?

Answer(b)\$ [3]

MARK SCHEME:

(a) 2300	2*	M1 $5 \times 2000 \times 3 \div 100$
(b) 8.64	3*	M1 2000×1.049^3 oe (2098, 2200.80, 2308.64) dep M1 (for C I method) subtraction of (a)

- 2 Alex invests \$200 for 2 years at a rate of 2% per year simple interest.
Chris invests \$200 for 2 years at a rate of 2% per year compound interest.

Calculate how much more interest Chris has than Alex.

Answer \$..... [4]

MARK SCHEME:

[0.]08	4	M3 for $200 \times \left(1 + \frac{2}{100}\right)^2 - 200 - \frac{200 \times 2 \times 2}{100}$ oe or M1 for $200 \times \left(1 + \frac{2}{100}\right)^2$ and M1 for $\frac{200 \times 2 \times 2}{100}$ [+200]
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