

Grade 9 Mathematics Worksheet

Financial maths 1

Questions:

1. John invests R1 200 for two years at 8% per annum simple interest. Thereafter he withdraws the accumulated amount, and invests it for three years at 10% per annum simple interest. How much does he have in the bank after the 5 years?

A) R4 056
B) R1 809,60
C) R1 433,76
D) R1 428

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Solution

1. $1\,200 (1 + 0,08(2)) (1 + 0,1(3)) = R1\,809,60$ so the answer is at (B)

It is important to emphasize the effect of re-investment at simple interest calculation. If the money was not reinvested, but left in the account, then the structure will change to become $(1 + i_1n_1 + i_2n_2)$.