

FINANCIAL MATHEMATICS: SIMPLE INTEREST

For Year Level 9

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This material relates to the following Australian Curriculum (Mathematics) Outcome/s:

- Solve problems involving simple interest ([ACMNA211](#))

Rationale for Use

It is expected that students will have access to an array of practice material in the form of textbooks or school prepared exercises. The purpose of the AMSI materials is to support the development of **understanding** and **reasoning** about the concepts involved. They complement and enhance the teacher instruction elements of normal classroom instruction.

Explanation (What this includes):

This activity introduces students to the calculation of simple interest, as a precursor to learning about the more widely used compound interest in Year 10. Students learn about a range of ways in which interest generally is used and applied in the real world and then to use the formula for calculating simple interest to calculate the amount of interest paid, as well as the interest rate charged, the principal amount and the time period over which a loan or investment is made.

Activities:

1. Explore and understand with

- the **AMSI Interactive ‘Simple Interest’** (link provided).
Explore the sections ‘Where is this used?’ as well as ‘Calculating Simple Interest’. There is also a full set of printed **Background Notes** provided, which includes a printed version of the Quiz (the Answers are at the end – don’t cheat but use the answers to check your work after you have attempted the Quiz at the end!); and
- the short unit from the **AMSI TIMES Project Modules: ‘Simple Interest’** - http://www.amsi.org.au/ESA_middle_years/Year9/Year9_md/Year9_1c.html.

2. View and consolidate by watching both the following videos from ‘WooTube’:

- Eddie Woo – ‘Interest (1 of 3: Calculating amount of Simple Interest earned over 4 years)’ - https://www.youtube.com/watch?v=cDaz4_9Q1wY; and
- Eddie Woo – ‘Calculating Simple Interest’ - <https://www.youtube.com/watch?v=FAOZCdJ4fdM>

- 3. Apply and analyse** by completing the Simple Interest Quiz in the '**Apply Simple Interest Problems**' section of the **AMSI Interactive 'Simple Interest'**.

These 10 questions will require you to have a calculator and some working paper with you, to work out the solutions to each of these problems.

Have fun!