

Math Grades 7 – 8
Simple Interest
Reading Level: 5.5

MA.7.A.1.2

Beyond the City

Chapter XIII: "In Strange Waters"

Sir Arthur Conan Doyle

Activity:

When the admiral went to the lender, he wanted to borrow 5,000 pounds. He thought the interest rate was 5% computed annually. He was then told that the interest would be calculated monthly (for a total of 60% per year).

1. Calculate the simple interest for both scenarios.
2. How much more will the admiral have to pay back than he originally planned on?