

Examples from Year 7 Program

Student Activity Sheets

Percentage in Practical Situations

Interest is the amount that you pay in return for using someone else's money.

When you invest your money with someone else they pay you interest.



To calculate simple interest you multiply the principal by the rate of interest by the term eg:

$$\begin{array}{r} \text{PRINCIPAL} \quad X \quad \text{RATE OF INTEREST} \quad X \quad \text{TERM} \\ = \quad \$100 \quad X \quad 10\% \quad X \quad 2 \text{ years} \\ = \quad \quad \quad \$10 \quad \quad \quad X \quad \quad \quad 2 \text{ years} \\ = \quad \quad \quad \quad \quad \quad \quad \quad \quad \quad \quad \quad \quad \quad \quad \quad \quad \quad \$20 \end{array}$$

Calculate the simple interest in the following situations:

1. \$500 is invested at 5% over 3 years

=
=

2. \$1000 is borrowed at 15% over 5 years

=
=

**HINT: if you don't have a % key on your calculator then write the percentage as a decimal fraction in hundredths
eg: 10% = 0.10**

3. \$1000 is invested at 7% over 2 years

=
=

Do you earn or pay interest when:

4. *The money is borrowed?* _____

5. *The money is invested?* _____

Early Finishers

In your maths book calculate the reverse situations in questions 1 to 3. If it is invested then write it as borrowed and if it is borrowed write it as invested.

Percentage In Practical Situations

Remember that:

To calculate simple interest you multiply the principal by the rate of interest by the term eg:

$$\begin{array}{r} \text{PRINCIPAL} \quad X \quad \text{RATE OF INTEREST} \quad X \quad \text{TERM} \\ = \quad \$100 \quad X \quad 10\% \quad X \quad 2 \text{ years} \\ = \quad \quad \quad \$10 \quad \quad \quad X \quad \quad \quad 2 \text{ years} \end{array}$$

Calculate the simple interest in the following situations:

1. \$2000 is invested at 8% over 5 years

=	
=	

2. \$5000 is borrowed at 18% over 7 years

=	
=	

3. \$10000 is invested at 12% over 3 years

=	
=	

Using the information from questions 1 to 3, calculate the following:

4. How much money is invested altogether?

5. How much interest is earned altogether?

Early Finishers

In your maths book calculate the interest paid and earned. If you carried out the transactions stated in questions 1 to 3, would you have earned money or lost it?

Financial Literacy Standard: Knowledge and Understanding

Understand that a range of factors affect choice

e.g. recognise that factors affecting choice may include advertising, peer pressure, income and purchasing history

Ask students to bring in ads for (say) mobile phone plans. If they have the sales contract for a plan they or their parents may have used in the past, that would be useful too (see very last exercise below). They could work in groups discussing what they like about each plan (and what they don't like) and which one they would choose. There does not have to be a group choice, individuals may differ if they wish. After that discussion they are to work in the same groups again, with a spokesperson reporting the group's answers to the following questions:

- How did advertising affect your choice?
- In what way did your friends influence your choice?
- How did your income affect your choice?
- How did your (or your families) experience with buying this product in the past affect your choice?
- How did the features affect your choice?
- How did the call cost and what you know about your phone usage affect your choice?
- How do your needs and wants affect your choice?