

More Example Interest Questions (answers More Example Interest Questions & Answers 2026)

Q1. A Shop Owner looking to invest €8,000 for 4 years has been given two options.

Which Option should they choose in order to make the most money? **Show all Calculations.**

Option A will give 6% Compound Interest for the first 2 years and then 4% Simple Interest for the following 2 years.

Or

Option B will give 4% Compound Interest for the first 2 years and then 6% Simple Interest for the following 2 years.

Solution:

Option A

First 2 years 6% Compound Interest: Year 1: $8000 \times 1.06 = 8480$
Year 2: $8480 \times 1.06 = 8988.80$

Simple Interest for 2 years at 4%: $I = PRT$ $8988.80 \times 0.04 \times 2 = 719.10$

Final Amount = $8988.80 + 719.10 = \mathbf{€9707.90}$

Option B

First 2 years 4% Compound Interest: Year 1: $8000 \times 1.04 = 8320$
Year 2: $8320 \times 1.04 = 8652.80$

Simple Interest for 2 years at 6%: $I = PRT$ $8652.80 \times 0.06 \times 2 = 1038.34$

Final Amount = $8652.80 + 1038.34 = \mathbf{€9691.14}$

Answer: Option A gives more money (€9707.90).

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Q 2. A Person looking to Invest €6,000 for 4 years has been given two options.

Which Option should they choose in order to make the most money? **Show all Calculations.**

Option A will give 3% Compound Interest for the first 2 years and then 5% Simple Interest for the following 2 years.

Or

Option B will give 5% Compound Interest for the first 2 years and then 3% Simple Interest for the following 2 years.

Solution:

Option A

First 2 years 3 % Compound Interest: Year 1: $6000 \times 1.03 = 6180$
Year 2: $6180 \times 1.03 = 6365.40$

Simple Interest for 2 years at 5%: $I = PRT$ $6365.40 \times 0.05 \times 2 = 636.54$

Final Amount = $6365.40 + 636.54 = \mathbf{€7,000.94}$

Option B

First 2 years 5% Compound Interest: Year 1: $6000 \times 1.05 = 6300$
Year 2: $6300 \times 1.05 = 6615$

Simple Interest for 2 years at 3%: $I = PRT$ $6615 \times 0.03 \times 2 = 369.90$

Final Amount = $6615 + 369.90 = \mathbf{€7011.90}$

Answer: **Option B gives more money €7011.90**

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Q 3. €9,500 was invested at compound interest for 3 years. The first year rate was 6%. The second year rate was 4%. The third year rate was 5%.

Calculate the final amount and the interest earned.

$$\text{Year 1: } 9500 \times 1.06 = 10070$$

$$\text{Year 2: } 10070 \times 1.04 = 10472.80$$

$$\text{Year 3: } 10472.80 \times 1.05 = 10996.44 \qquad \text{Final Amount} = \mathbf{€10,996.44}$$

$$\text{Interest Earned} = 10996.44 - 9500 = \mathbf{€1,496.44}$$

Q 4. €18,000 was invested at compound interest for 3 years. The first year rate was 3%. The second year rate was 6%. The third year rate was 4%.

Calculate the final amount and the interest earned.

$$\text{Year 1: } 18000 \times 1.03 = 18540$$

$$\text{Year 2: } 18540 \times 1.06 = 19652.40$$

$$\text{Year 3: } 19652.40 \times 1.04 = 20438.50 \qquad \text{Final Amount} = \mathbf{€20,438.50}$$

$$\text{Interest Earned} = 20438.50 - 18000 = \mathbf{€2,438.50}$$

Q 5. €20,000 was invested for 4 years. The first two years was at compound interest rate of 4%. The third and fourth year was at a simple interest rate of 5%.

Calculate the final amount and the interest earned.

$$\begin{array}{ll} \text{First 2 years 4\% Compound Interest:} & \text{Year 1: } 20000 \times 1.04 = 20800 \\ & \text{Year 2: } 20800 \times 1.04 = 21632 \end{array}$$

$$\text{Simple Interest for 2 years at 5\%: } I = PRT \quad 21632 \times 0.05 \times 2 = 2163.2$$

$$\text{Final Amount} = 21632 + 2163.2 = \mathbf{€23795.20}$$

$$\text{Interest Earned} = \mathbf{23795.2} - 20000 = \mathbf{€3,795.20}$$

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Q 6. €14,000 was invested for 4 years. The first two years was at compound interest rate of 5%. The third and fourth year was at a simple interest rate of 3%.

Calculate the final amount and the interest earned.

First 2 years 5% Compound Interest: Year 1: $14000 \times 1.05 = 14,700$
Year 2: $14700 \times 1.05 = 15435$

Simple Interest for 2 years at 3%: $I = PRT$ $15435 \times 0.03 \times 2 = 926.10$

Final Amount = $15435 + 926.10 = \mathbf{€16,361.10}$

Interest Earned = $\mathbf{16361.10} - 14000 = \mathbf{€2,361.10}$

Q 7. €11,000 was invested for 3 years. The rates were 2%, 5%, and 4% respectively.

Calculate the final amount and the interest earned.

Year 1: $11000 \times 1.02 = 11220$

Year 2: $11220 \times 1.05 = 11781$

Year 3: $11781 \times 1.04 = 12252.24$ Final Amount = $\mathbf{€12,252.24}$

Interest Earned = $12252.24 - 11000 = \mathbf{€1,252.24}$

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Q 9. €17,500 was invested for 4 years. The first 2 years were at compound interest rate of 5.5%. The last 2 years were at simple interest rate of 6%.

Calculate the final amount and the interest earned.

First 2 years 5.5% Compound Interest: Year 1: $17,5000 \times 1.055 = 18462.50$
Year 2: $18462.50 \times 1.055 = 19477.94$

Simple Interest for 2 years at 6%: $I = PRT$ $19477.94 \times 0.06 \times 2 = 2337.35$

Final Amount = $19477.94 + 2337.35 = \mathbf{€21815.29}$

Interest Earned = $21815.29 - 17500 = \mathbf{€4315.29}$

Q 10. €8750 was invested at compound interest for 3 years. The first year rate was 4%. The second year rate was 4.5%. The third year rate was 5%.

Calculate the final amount and the interest earned.

Year 1: $8750 \times 1.04 = 9100$

Year 2: $9100 \times 1.045 = 9509.50$

Year 3: $9509.50 \times 1.05 = 10,080.07$ Final Amount = **€10,080.07**

Interest Earned = $10,080.07 - 8750 = \mathbf{€1,330.07}$

Q 11. €16,000 was invested at compound interest for 4 years. The first two years were at compound interest rate of 6%. The last two years were at simple interest rate of 4%.

Calculate the final amount and the interest earned.

First 2 years 6% Compound Interest: Year 1: $16000 \times 1.06 = 16960$
Year 2: $16960 \times 1.06 = 17977.60$

Simple Interest for 2 years at 4%: $I = PRT$ $17977.60 \times 0.04 \times 2 = 1438.20$

Final Amount = $17977.60 + 1438.20 = \mathbf{€19415.80}$

Interest Earned = $19415.80 - 16000 = \mathbf{€3415.80}$

