



### Compound interest

|        | Amount £ | Interest rate % | Interest £             | End of year total |
|--------|----------|-----------------|------------------------|-------------------|
| Year 1 | £400     | 5%              | 5% of £400 = £20       | £420              |
| Year 2 | £420     | 5%              | 5% of £420 = £21       | £441              |
| Year 3 | £441     | 5%              | 5% of £441 = £22.05    | £463.05           |
| Year 4 | £463.05  | 5%              | 5% of £463.05 = £23.15 | £486.20           |
| Year 5 | £486.20  | 5%              | 5% of £486.20 = £24.31 | £510.51           |

|        | Amount £ | Interest rate % | Interest £            | End of year total |
|--------|----------|-----------------|-----------------------|-------------------|
| Year 1 | £150     | 5%              | 5% of £150 = £7.50    | £157.50           |
| Year 2 | £157.50  | 5%              | 5% of £157.50 = £7.87 | £165.37           |
| Year 3 | £165.37  | 5%              | 5% of £165.37 = £8.26 | £173.63           |
| Year 4 | £173.63  | 5%              | 5% of £173.63 = £8.68 | £182.31           |
| Year 5 | £182.31  | 5%              | 5% of £182.31 = £9.12 | £191.43           |

If you 'rounded' your numbers to the nearest pound each time, that's absolutely fine. Look at the answers as an approximation.