



Compound interest

	Amount £	Interest rate %	Interest £	End of year total
Year 1	£4,000	2%	2% of £4000 = £80	£4,080
Year 2	£4080	2%	2% of £4080 = £81.60	£4161.60
Year 3	£4161.60	2%	2% of £4161.60 = £83.23	£4,244.83
Year 4	£4,244.83	2.5%	2.5% of £4,244.83 = £106.12	£4,350.95
Year 5	£4,350.95	2.5%	2.5% of £4,350.95 = £108.77	£4,459.72

	Amount £	Interest rate %	Interest £	End of year total
Year 1	£1,500	3%	3% of £1500 = £45	£1545
Year 2	£1545	3%	3% of £1545 = £46.35	£1591.35
Year 3	£1591.35	3%	3% of £1591.35 = £47.74	£1639.09
Year 4	£1639.09	3%	3% of £1639.09 = £49.17	£1688.26
Year 5	£1688.26	3%	3% of £1688.26 = £50.65	£1738.91

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