

Interest Rates

1) You have £1000 to invest, and you have decided to invest in the Scarborough Building Society, because this offered high interest rates. The account you have decided on is:

Account	Notice Required	Deposit	Gross Interest	Interest Paid
Scarborough 80	80 Days	£100	4.30%	Yearly

- a) Draw up a table showing how your £1000 will grow over 4 years in this account (which pays compound interest) compared with an account paying Simple Interest at 4.40% yearly.
- b) Show this information in a dual bar chart.
- c) Show **all** your calculations.
- d) Decide which account would be the best deal, and give reasons. (You should include an explanation of the difference between Simple and Compound interest).

2) You now find that there are two different Scarborough 80 accounts. In one, your interest will be calculated **yearly** at a gross interest rate of **4.30%**, and in the other your interest will be calculated **monthly** at a gross interest rate of **4.05%**.

- a) Draw up a table comparing how your £1000 would grow during one year in each of these accounts.
- b) Show this information in a dual bar chart.
- c) Show **all** your calculations.
- d) Decide which account would be the best deal, and give reasons. Would your chosen account *always* give you the best deal?

Account	Notice Required	Deposit	Gross Interest	Interest Paid
Scarborough 80	80 Days	£100	4.30%	Yearly
Scarborough 80	80 Days	£100	4.05%	Monthly

(The information about the Scarborough Building Society was taken on 4/11/02 from the website www.about-savings-accounts.co.uk)