

Simple Interest and Compound Interest

Write True or False in the boxes

- 1) The person who borrows money from a bank is called a borrower.
- 2) Interest is extra money paid by a money lender.
- 3) The day on which money is borrowed is not included in the time period.
- 4) Principal is the money borrowed from the bank by a borrower.
- 5) In simple interest the value of principal keeps changing for the whole time period.
- 6) In compound interest the value of principal remains the same for the whole period of time.
- 7) The day on which money is paid back to the bank is included in the time.
- 8) Amount is the sum of money borrowed and the interest on it.
- 9) Compound interest is the sum of the final amount and the original principal.
- 10) Compound interest for a time period can be calculated by adding up all interests obtained at regular intervals of time.